DOCUMENT RESUME

ED 461 029 CE 076 650

AUTHOR	Kaufmann, Jill
TITLE	Bridging into Small Business: A Program for Aboriginal People.
INSTITUTION	Gordon Inst. of TAFE, Geelong (Australia).
SPONS AGENCY	Adult, Community, and Further Education Board, Melbourne (Australia).
ISBN	ISBN-0-7311-2664-5; ISBN-0-7311-2665-3; ISBN-0-7311-2666-1
PUB DATE	1998-00-00
NOTE	135p.; Videotape is not available from ERIC.
AVAILABLE FROM	Adult Education Resource and Information Service, Language Australia, GPO Box 372F, Melbourne, Victoria 3001, Australia ($16.50 Australian for each gook and videotape).
PUB TYPE	Guides - Classroom - Learner (051)
EDRS PRICE	MF01/PC06 Plus Postage.
DESCRIPTORS	Adult Basic Education; *Basic Business Education; *Basic Skills; Business Skills; *Calculators; Course Content; Entrepreneurship; Foreign Countries; *Indigenous Populations; Learning Activities; Mathematics; *Mathematics Instruction; Small Businesses; Units of Study
IDENTIFIERS	*Aboriginal Australians; Australia

ABSTRACT

This self-instructional kit is part of an entry-level training program that has been designed to support Aboriginal people in Australia in developing a business proposal and the skills required to achieve success. The manual, "Starting Your Own Small Business," includes information and activities that provide a thorough examination of the planning and preparation needed before starting a business, and includes individual and group activities, reading, writing, and discussion tasks. The 13 units of the first part of the manual --"Planning Your Small Business"--cover the following topics: (1) "Thinking about Running Your Own Business?"; (2) "How To Find a Business Idea"; (3) "Will My Business Have any Customers?"; (4) "Why Will My Customers Want To Buy from Me?"; (5) "How Will I Organize My Business?"; (6) "Business Skills"; (7) "Making My Product or Service"; (8) "Selling"; (9) "Budgets"; (10) "Pricing"; (11) "Getting Money"; (12) "Risks, Problems, and Assumptions"; and (13) "Ethics." Units 14-20 in the second part of the manual--"Keeping Your Business Books"--cover the following: (14) "Why Keep Books?"; (15) "Banking Systems"; (16) "Cash Payment Records"; (17) "Buying and Paying for Goods and Service"s; (18) "Sales and Returns"; (19) "Taxes"; and (20) "More information." The manual, "Back to Basics: Small Business Maths," includes seven sections of information and activities that cover the following: (1) "How to Use a Calculator"; (2) "How To Use A Calculator To Add"; (3) "How To Use a Calculator To Subtract"; (4) "How To Use a Calculator To Multiply"; (5) "How To Use a Calculator To Divide"; (6) "How To Use a Calculator To Work out Percentages"; and (7) "How To Write Numbers in Words." Answers to the activities are provided at the end of the manual. Many of the activities directly support the topics covered in the recordkeeping section of "Starting Your Own Small Business." The videotape is "Aboriginal Small Business Video." (KC)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 461 029

Bridging into Small Business:
A Program for Aboriginal People

Derek Kaye and Jill Kaufmann

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

- This document has been reproduced as received from the person or organization originating it.
- Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

J. Hagston

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

CE 076 650

BEST COPY AVAILABLE

Starting your own small business

A program for Aboriginal people

Adult Education in the Community

Gordon Institute of TAFE

Starting your own small business

A program for Aboriginal people

ISBN 0 7311 2664 5 Bridging into small business: a program for Aboriginal peop
ISBN 0 7311 2665 3 Starting your own small business
ISBN 0 7311 2666 1 Back to basics - small business maths

Acknowledgements:

Program Manager: Jan Golden
Gordon Institute of TAFE

Instructional Designer Jill Kaufmann
Gordon Institute of TAFE

Writer Derek Kaye
Gordon Institute of TAFE

Desktop Publisher/Graphics Pleun Rostron
Gordon Institute of TAFE

© Adult, Community and Further Education Board, Victoria 1998. Copyright in this document is owned by the State of Victoria. Designated Handouts may be photocopied for classroom use. Otherwise no parts may be reproduced by any process except with the express written permission of the Attorney-General for the State of Victoria or a person acting under her authority or in accordance with the provisions of the Copyright Act.

All enquiries in relation to this publication should be addressed to:

Co-ordinator
Adult Education Resource and Information Service, ARIS
Language Australia
GPO Box 372F
MELBOURNE VIC 3001

ARIS is funded by the Adult, Community and Further Education Board, Victoria.

Table of contents

Introduction 1

What the icons mean 2

Part A — Planning your small business 3

Unit 1— Thinking about running your own business? 3

Introduction 3

Running a business — pluses and minuses 3

Setting up and running a business 5

Unit 2 — How to find a business idea 7

Introduction 7

Brainstorming 7

Unit 3 — Will my business have any customers? 11

Introduction 11

Who will buy my product or service? 11

Unit 4 — Why will my customers want to buy from me? 15

Introduction 15

How will my business be better than others? 15

Unit 5 — How will I organise my business? 17

Introduction 17

Business structure 17

Unit 6 — Business skills 21

Introduction 21

What skills will my business need? 21

Unit 7 — Making my product or service 25

Introduction 25

Operating plan 25

Unit 8 — Selling 29

Introduction 29

Selling plan 29

Unit 9 — Budgets 35

Introduction 35

Set-up costs 35

On-going costs 38

Unit 10 — Pricing 41
Introduction 41
How do I work out the price? 41
Unit 11 — Getting money 45
Introduction 45
Sources of money 45
Unit 12 — Risks, problems and assumptions 49
Introduction 49
What are the assumptions in my business plan? 49
Unit 13 — Ethics 53
Introduction 53
Thinking about business ethics 53
Part B — Keeping your business books 55
Unit 14 — Why keep books? 55
Introduction 55
What records do I need to keep? 55
Why do I need to keep these records? 55
Unit 15 — Banking systems 57
Introduction 57
About cheque accounts 57
Writing cheques 58
Paying money into your cheque account 60
How to cancel a cheque 62
How to stop a cheque 62
Unit 16 — Cash payments records 63
Introduction 63
The cash payments book 63
Unit 17 — Buying and paying for goods and services 67
Introduction 67
Setting up an ordering system 67
Invoices 71
How to pay an invoice 71

Unit 18 — Sales and returns 73
Introduction 73
Sales 73
Cash sales 75
Returns 76
Unit 19 — Taxes 77
Introduction 77
What taxes will I have to pay? 77
Unit 20—More information 79
Introduction 79
Sources of information 79

Introduction

Welcome to *Starting your own Small Business*!

There has never been a better time for Aboriginal people to think about setting up their own small businesses. As Carolyn from *Aboriginal Tracks Australia* explained in the video, the Reconciliation process has fostered a real and growing interest in Aboriginal culture, both here and overseas — people want to know about Aboriginal culture and are keen to buy quality goods and services from Aboriginal people.

You have already seen in the *Aboriginal Small Business Video* that owning a small business can be exciting, challenging, hard work and rewarding. The aim of this Resource Book is to help you:

Part A
- work out if running a small business is a suitable job for you
- develop a business idea
- plan how to set the business up
- work out if it is viable (worth going ahead with)

Part B
- develop some of the book-keeping skills that you will need if you go ahead with your business idea.

We hope that this program is an interesting and useful step for you in planning your future. For some people, this will mean making the next move into setting up your own business. For others, it will mean deciding that small business isn't a terrific idea for them and that there are better ways of using their energy and making money.

No matter what you decide, best wishes for your future!

What the icons mean

As you work through this Resource Book you will notice the following icons (pictures).

Individual activity — activities which can be completed on your own.

Group activity — it is better to work with a small group to complete these activities.

You will need to view the *Aboriginal Small Business Video* to complete these activities. You may need to re-visit this video several times during the course.

Using a calculator will make these activities easier to complete.

If you need help completing these activities, you'll find it in *Back to Basics — Small Business Maths*.

Part A — Planning your small business

Unit 1— Thinking about running your own business?

Introduction

In this Unit you will think about what's involved in running your own business. You will:

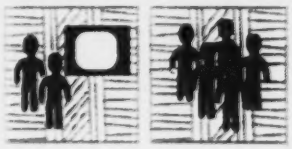
- look at what you think are the good and bad things about running a small business
- look at ways of reducing the effects of the bad things.

Running a business — pluses and minuses

Darrin, Joe and Carolyn spoke honestly in the *Aboriginal Small Business Video* about the good and bad things about running their own businesses. But, different people see the same thing in totally different ways.

For example, Darrin is very happy to work seven days a week to build his business and make it profitable. Other people wouldn't like this, as they want to spend more of their time with their family or doing other things.

Activity 1.



1. Using information from the video, and your own thoughts, what do you see as the good and bad things about running your own business?

2. In what ways could you make the bad things better?

Good things	Bad things
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

Ways to improve bad things

.....

.....

.....

.....

.....

.....

.....

.....

10

Setting up and running a business

Darrin, Joe and Carolyn gave lots of useful information about how they set up and run their own businesses. For example, Darrin from *Daz's Didges* talked about these steps:

1. Ask yourself *why* you want to go into business. Darrin wanted to improve his skills and learn more about making traditional Aboriginal artifacts
2. Ask yourself what you *want* to sell or make.
3. Ask yourself what you *can* sell or make.
4. Ask yourself what people *will buy*.
5. Work out how to make the item step-by-step.
6. Check out the price of similar items in shops.
7. Work out how to get the best out of your equipment.
8. Find out what you need to learn, and how you're going to learn these things.
9. Check out out any special legal things that are important to your business.
10. Set goals.

Activity 2.

Watch the video again to hear the advice that Joe and Carolyn give about setting up and running a business. Make notes in the spaces below.

Joe says:

.....

.....

.....

.....

Carolyn says:

.....

.....

.....

.....

What other ideas do you have? What else do you think is important?

My ideas:

.....

.....

.....

.....

Now that you have thought about some of the things that are involved in running your own business, let's look at *your* business idea.

Unit 2 — How to find a business idea

Introduction

The first step in setting up your own business is working out what business you're going in to!

In this Unit you will learn how to use brainstorming to help you to find your own business idea.

Brainstorming

Coming up with a good business idea can be quite tricky! You may be lucky enough to have a great idea just 'pop' into your head. Or, you may have thought about this for some time and already have a business idea that suits you.

Activity 3.

1. Do you already have a business idea?

   Yes ☐ No ☐

2. If you do, write it down.

.....

.....

.....

.....

.....

.....

3. How did you come up with your idea?

.....

.....

Brainstorming is used to get a lot of original, creative ideas in a very short time. You can use it to help find a business idea.

This is how it works.

1. Get together with a small group of people who are all interested in finding a business idea. (Between three and six members is often a good size for a group.)
2. Choose some-one to write down every idea in as few words as possible.
3. Every-one in the group is made to feel comfortable to toss in their ideas, no matter how wild or crazy they sound. (Make a group rule that no idea is to be criticised.)

Activity 4.

1. If you don't already have a business idea, then brainstorm one with a group.

   If you've got your business idea already, you may like to brainstorm your idea in a group to see if it can be improved.

   At the end of your brainstorming session you will have lots of ideas. Some will be scrapped straight away, others will need to be thought about a bit more. There may even be one that stands out as a good idea to look at more carefully.

2. List the business ideas that are worth thinking about in more detail. Your group will need to keep discussing these ideas until you come up with one idea to follow up.

3. My business idea is...

   .....

   .....

   .....

   .....

   .....

   .....

4. My business name is..

   .....

   .....

Unit 3 — Will my business have any customers?

Introduction

In this Unit you will start to examine whether your business idea can work. You will do this by finding out whether there is a market for your product or service — it may be a brilliant idea, but does any-one want to buy it?

Who will buy my product or service?

Before you go any further with your business idea, it's very important to check that there is a market for your product or service — ie, that people will buy it.

The way in which you do this will depend on the type of business you intend to set up. For example:

- How many other businesses are there that are already doing what you want to do? There may be room for more, or there may be too many already. You could use the *Yellow Pages* telephone books or the Internet to find this out.
- It may be useful to talk to the people who will supply the materials you need for your product or service. How do they think your idea will sell?
- Industry books, magazines and journals have information about how or whether the market is growing, getting smaller or staying the same.
- Is your business idea based on Aboriginal culture? If so, there may be a good market because of growing community interest. This is true for the three businesses in the Aboriginal Small Business Video.
- If you want to sell your product to shops or galleries:
  - speak to some owners,
  - show them your product ,
  - ask them if they think it would sell, and
  - ask them what price you could sell it for.
- Talk to other business owners about your idea. It may be better to talk to someone who's not in exactly the

same business, as they may not want to encourage another business which will compete with them!

- If you want to sell your product at markets, spend time watching how many people go there, how much they spend and what sorts of products are popular. For example, if most people spend less than $20, and you want to sell for $60, then a market may not be a good way to sell your product.
- Your state or territory government may have a Small Business Development Centre which will help you to work out if there is a market for your idea.

Friends and family can be very kind, but not very useful when trying to work out if your idea will work. They will often say your idea is great, and that lots of people will pay for it. But, you need more reliable information than this!

Finding out if there is a market for your idea is the most important part of planning your business. It is also the hardest thing to do. This is because you have to be like a detective and work out the best way of doing this for *your* business.

17

Activity 5.

1. How are you going to test if there is a market for your business? Think of at least three ways.

   a).....

   .....

   b).....

   .....

   c).....

   .....

2. Do these things, and make notes about what you found out.

   .....

   .....

   .....

   .....

   .....

   .....

   .....

   .....

   .....

   .....

   .....

Unit 4 — Why will my customers want to buy from me?

Introduction

There are lots of businesses out there — and every one of them is trying to attract as many customers as possible!

In this Unit you will think about the special advantages that *your* business will have.

How will my business be better than others?

The next step is to work out what advantages your business will have over others. For example:

- Is it a new idea? If so, you will have the market to yourself.
- Do you have any special skills that are needed?
- Can you give better customer service — ie, give customers exactly what they want, when they want it?
- Are you able to produce a better quality product or service than others?
- Are you able to produce more cheaply?
- Do you have a better supply of the products you need to buy than other businesses?
- Do you have access to good finance?

Activity 3

1. What advantages do Darrin, Joe and Carolyn have in their businesses?

   - Darrin (Daz's Didges)

     .....

     .....

     .....

   - Joe (Deen Maar Dance Group)

     .....

     .....

     .....

   - Carolyn (Aboriginal Tracks Australia)

     .....

     .....

     .....

2. What advantages will *your* business have in the market place?

   .....

   .....

   .....

   .....

   .....

   .....

20

Unit 5 — How will I organise my business?

Introduction

In this Unit you will decide how your business will be organised.

Business structure

Your business will need some sort of structure. Sole traders and partnerships are the most common ways of starting out:

sole trader

- one person (you) owns and runs the business
- you can employ other staff

partnership

- two or more people own the business (up to 20)
- can employ other staff
- usually, the partners have a *partnership agreement* drawn up in case there are any hassles between the partners
- often a family business.

Activity 7.

1. There are advantages and disadvantages to both types of structure. Some of these are listed below. Can you think of any others?

Sole trader	Partnership
• don't have to share profits	• share profits
• can't share losses	• share losses
• can be lonely	• can be fights
• can do what you want	• can discuss problems, ideas with partners
•	• .....
•	• .....
•	• .....

2. How will you organise your business?

.....

.....

3. Why have you chosen this way?

.....

4. What are the good and bad things about this?

5. How will you deal with the bad things?

Good and bad	How to deal with the bad
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

6. If you are going to set up a partnership, which jobs will each person be doing?

Name	Jobs
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

Unit 6 — Business skills

Introduction

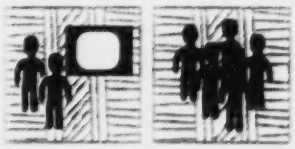
In this Unit you will list the skills needed to run your business and identify how you will get them.

What skills will my business need?

There are some basic skills that all businesses need — eg, how to keep business books. (We'll be looking at this in part B of this program.) As well, your own business will have some special skills needs. Let's look at the three businesses on the video again.

1. For Daz's Didges to work, Darrin had to have skills in making Aboriginal artifacts.
2. The success of the Deen Maar Dance Group would not have been possible without dancers!
3. Carolyn has cooking skills and knows how to use indigenous foods.

Activity 8.



Choose one of the three businesses on the video and list all the skills you think are needed to make it a success.

Which business did you pick? (Tick ✓ the box)

- Daz's Didges ☐
- Deen Maar Dance Group ☐
- Aboriginal Tracks Australia ☐

Skills needed:

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

25

At this stage, you probably won't have all of the skills that you will need to run your own business. There are lots of ways of getting them. Common ways include:

1. learning them — eg, by doing a course, working with someone who has the skills, asking people, reading
2. paying for them — eg, an accountant to do your tax return
3. networking — friends, family etc who have the skills and are willing to share them.

Activity 9.

1. What skills will you need to run *your* business?

2. How will you get these skills?

Skill	I will get this by...
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

Unit 7 — Making my product or service

Introduction

It's important to think carefully about, and plan, how you will make your product or supply your service.

This is what this Unit is about.

Operating plan

There are lots of things to think about when setting up a business. It is very easy to forget something that's quite important. The next activity will help you to plan some of the details you may have overlooked.

Activity 10.

Some of the things that you may still need to work out for your business are listed below.

Give details of each of the items that relate to you.

1. What work still needs to be done to get your product or service ready to sell?

.....

.....

.....

.....

.....

.....

.....

.....

2. Are there any design problems?

.....

.....

.....

.....

.....

3. Do you plan to add new products or services?

.....

.....

.....

.....

4. How much space will you need?

.....

.....

.....

.....

5. Where will your business be located?

.....

.....

.....

.....

.....

6. What are the good and bad things about this location?

Good	Bad
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

7. What sorts of equipment will you need?

.....

.....

.....

.....

.....

.....

8. How will you get this equipment?

.....

.....

.....

.....

.....

.....

8. How much will it cost to make your product or service?

.....

.....

.....

.....

9. How will you know if your product or service is high quality?

.....

.....

.....

.....

10. How will you make sure that the quality of your product or service stays high?

.....

.....

.....

.....

11. Other things that need to be done:

.....

.....

.....

.....

.....

.....

Unit 8 — Selling

Introduction

Unless you know where and how to sell your product or service, your business can't be a success.

This Unit will help you to plan how to do this.

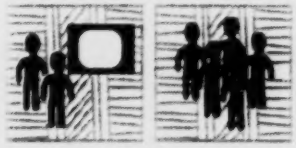
Selling plan

Your selling plan describes *how* you will make the sales that you will need to make your business work. It is much more than simply getting your product or service to your customers.

Of course, the first thing you need to know before you can set up a good selling plan is *who* your customers will be. Not everyone will want to buy your product or service. By being clear about who you will be selling to, you can avoid wasting a lot of time, energy and money trying to sell to people who won't buy.

For example, there are many people who won't be interested in trying Carolyn's indigenous foods.

Activity 11.



1. What sorts of people or businesses would buy Carolyn's food?

   .....

   .....

2. What sorts of people or businesses wouldn't be interested?

   .....

   .....

   Clearly, Carolyn needs to put her energy into the first group.

3. Who will *your* customers be?

   .....

   .....

   .....

   .....

32

Activity 12.

Below are listed some of the things you will need to think about to make sure that you sell as much as you can.

1. How will you tackle each item?

2. Add any other items to the list that are important for your business.

- I will give good service.

.....

.....

.....

.....

- I will sell good quality products or services.

.....

.....

.....

.....

- I will deliver on time, every time.

.....

.....

.....

.....

- I will replace or repair faulty goods.

.....

.....

.....

.....

- I will let my customers and likely customers know that I do all these things.

.....

.....

.....

.....

- I will let likely customers know about my product or service (advertising).

.....

.....

.....

.....

- If I use other people to sell my products or services (eg shops) I will choose them carefully.

.....

.....

.....

.....

Use the space on the next page to add other things you need to think about.

- .....
.....
.....
.....
.....

- .....
.....
.....
.....
.....

- .....
.....
.....
.....
.....

Unit 9 — Budgets

Introduction

You need to know:

- what it will cost to set up your business (set-up costs)
- what it will cost to keep it going week-by-week (on-going costs)

In this Unit you will draw up a budget that includes these items.

Set-up costs

How much is it going to cost to get your business going? Think about every-thing that you will need to spend before you can start.

Activity 13.

Some of the costs that you may have to pay to set up your business are listed below.

1. Find out the cost of each of the items that will affect you.
2. Add all the other costs that you will have to pay to set your business up.

Item	Cost
• lease a premises	.....
• connect phone	.....
• fax	.....
• printing — letterhead, business cards etc	.....
• connect electricity	.....
• equipment	
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
• vehicle	.....
• furniture	.....
• setting up a loan	.....
Total set-up costs	**$** .....

37

Carried Forward (Total Set-up Costs)... $ .....

Other Costs

.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

Total Costs $

On-going costs

Once your business is up and running, it will cost money to keep it going.

Activity 14.

Some of your business's on-going costs are listed below.

1. Find out the cost per year of each of the items that will affect you.
2. Add all the other on-going costs that you will have in your business.

Activity	Cost
• rent	.....
• electricity	.....
• gas	.....
• telephone	.....
• postage	.....
• delivery (eg couriers)	.....
• motor vehicle	
▪ petrol	.....
▪ repairs	.....
▪ registration	.....
▪ insurance	.....
• stationery and other office supplies	.....
• printing	.....
• wages	.....

• insurance	.....
• photocopying	.....
• accounting fees	.....
• advertising	.....
• petty cash	.....
• loan repayment	.....
• bank fees	.....
• other on-going costs	.....
Total Costs	**$**

3. How much will your on-going costs be per month? This is how you work this out:

   Costs per year *divided by* 12

   $ ÷ 12 = $ .....

Unit 10 — Pricing

Introduction

Working out what price to sell your product or service for is a really important part of planning your business.

In this Unit you will learn some basics about pricing the goods or services that you want to sell.

How do I work out the price?

One of the most common mistakes made by new businesses is selling too cheaply. This means that you won't make enough profit. On the other hand, if you're too expensive, you won't sell enough to make a living.

Activity 15.

The list below includes some of the things you need to think about when deciding on a price.

1. Find out as much as you can about each of them.
2. List any other factors that you will need to take into account when pricing your product/s.

- the cost of materials per item or service

.....

.....

- how long it will take you to make each item or provide each service (the cost of your labour — your wages)

.....

.....

- your on-going costs (Unit 9)

.....

.....

- your set-up costs (equipment, lease etc) (Unit 9)

.....

.....

- how much profit you need to stay in business

.....

.....

- how many items you think you can sell

.....

.....

- how much your competitors charge

.....

.....

- how much you think your customers will pay.

.....

.....

- other factors:

.....

.....

.....

.....

Let's look at a simple pricing example.

Jane has an art shop. She has about 50 paintings that cost about $150 each to buy and frame.

Jane knows that she needs to make about $1,000 per week to be able to pay her business expenses and give her about $300 per week. How many sales will Jane need to make?

1. If Jane sells paintings for *$500* each:

$500	selling price
-$150	*minus* cost of buying
$350	*equals* profit per painting

$1,000 per week *divided by* profit per painting.

$1,000 ÷ $350 = 2.6 paintings per week.

2. If Jane sells paintings for *$400* each:

$400	selling price
-$150	*minus* cost of buying
$250	*equals* profit per painting

$1,000 per week *divided by* profit per painting.

$1,000 ÷ $250 = 4 paintings per week.

3. If Jane sells paintings for *$250* each:

$250	selling price
-$150	*minus* cost of buying
$100	*equals* profit per painting

$1,000 per week *divided by* profit per painting.

$1,000 ÷ $100 = 10 paintings per week.

Activity 16.

Jane has spent a lot of time talking with artists and checking out the prices in other galleries. She knows that customers will pay $300 for a painting. How many paintings does she have to sell each week to make $1,000 profit?

Answer

$	selling price
- $	*minus* cost of buying
= $	*equals* profit per painting

$1,000 per week *divided by* profit per painting.

$1,000 ÷ $..... = ... paintings per week.

There are two important things to remember here:

1. It will take time for your business to grow. You'll need another source of finance while this happens. You won't be able to charge a higher price to make up for lower sales at the beginning.
2. When you have done your research you should have a 'feel' for:
   - how much people will pay for your goods or services
   - what your costs will be, and
   - how much you'll need to sell.

   If your figures don't look good — eg, you'll have to sell more than you think is possible — then STOP! This is a big warning. Maybe you can lower your costs or think of other ways to make the business work. If not, think very carefully before going any further.

Unit 11 — Getting money

Introduction

Even if you start very small, you will need some money to start up your business. One of the main reasons that new businesses fail is because they run out of money at a critical time.

Now that you know how much money you will need for your idea, you need to work out where the money will come from. In this Unit you will learn about some places you may be able to get funding for your business.

Sources of money

There are many places that may lend you the money you need to start your own small business. Some of these are listed below.

1. **ATSIC (The Aboriginal and Torres Strait Islander Commission)**

   ATSIC have a *Building Funding Scheme* which helps Aboriginal and Torres Strait Islander people by helping them to own and develop successful businesses.

   Funds from this scheme have been used to establish businesses such as shops, hairdressing salons, tourism businesses, taxi and trucking firms and farms.

   This scheme offers a range of services, including:

   - low interest loans
   - help with preparing business plans
   - help with preparing loan applications
   - assistance to undertake training to improve business management skills
   - a mentor, to provide on-going support and assistance .

   Contact your nearest ATSIC office for more details. Or, phone 1800 034 403 (free call).

2. Banks

The major banks have a few different kinds of loans available for businesses. The most popular of these are:

- *overdraft* — where you can write cheques to an agreed amount of money. For example, you may have an overdraft of $8,000, which you use to pay your daily bills (electricity, telephone, rent, advertising etc). You pay interest on the amount of money you have used — not the total amount of the overdraft.
- *fully drawn advance* — like an overdraft, but as soon as you use any of this loan, you start to pay interest on the whole loan amount.
- *term loan* — is for a set period (eg 1-5 years). It has a fixed amount of interest.
- *mortgage* — if you own a house or any other property, the bank may lend you money that is 'secured' or 'guaranteed' by the property. So, if your business went broke, the bank would sell your property to get their money back.

Mortgage loans are often long-term — 10-15 years is common.

3. Credit unions

Credit unions are like banks in many ways. But, they are owned by their members. This means that you must join a credit union before you can use its services.

There is a small joining fee — usually, $5-10.

Because they are owned by their members, credit unions claim that they give better service. They also help their members learn how to take control of their money. For example, they teach members how to budget. They are also often more willing to lend money to people on low incomes.

4. Friends and family

Think carefully before borrowing money from friends and family, because this can cause arguments and hassles that you don't need. If you do borrow from them, it might be worth getting a solicitor to draw up a loan agreement so that both you and the lender are protected.

5. Government assistance

If you are unemployed, you may be able to get some help from the government. There are a few different schemes available. Check the details with your local CES.

Some loans are a lot more expensive than others. You need to check:

- how much it will cost to set up the loan
- what fees are charged
- how much interest you will pay.

Ask someone to help you compare the cost of different loans, if you're unsure how to do this. It can save you heaps of money!

Activity 17.

How are you going to finance your business?

.....

.....

.....

.....

.....

.....

Unit 12 — Risks, problems and assumptions

Introduction

In this Unit you will look at some of the 'hidden' parts of business planning. You have based your business plan on a number of assumptions. Often, we don't even think about these.

By looking at these assumptions, you will be able to see some of the risks and problems which your business may be facing.

What are the assumptions in my business plan?

OK. So far you've:

- thought about what it would be like to run your own business,
- come up with an idea, and
- done lots of work to see if your idea can work.

Now, it's time to do a reality check. To do this, you need to think about the *risks, problems and assumptions* on which your business is based.

The basic *assumption* is that your business will be a success. This means that it will make enough money to:

- support you,
- enable you to pay back any money you've borrowed, and
- enable you to pay the bills.

But, there is a *risk* that it won't be able to do all these things. This would cause *problems* for you, the people who lent you money and any-one else who depends on your income (eg your children, partner).

Activity 18.

1. Common business assumptions are listed below. What risks and problems relate to each assumption?

Example:

Assumption: the business will make a profit

Risk	*Problem*
• *it won't make enough money*	• *money worries*

Assumption: the budget you have planned is right

Risk	**Problem**
.....	.....
.....	.....

Assumption: you won't get ill or pregnant

Risk	**Problem**
.....	.....
.....	.....

Assumption: you will sell as much as you expect

Risk	**Problem**
.....	.....
.....	.....

Assumption: you won't sell more than you expect

Risk	Problem
.....	.....
.....	.....

Assumption: no-one else will copy your business idea

Risk	Problem
.....	.....
.....	.....

Assumption: no-one else will sell the same product or service for less (price cutting)

Risk	Problem
.....	.....
.....	.....

Assumption: the business will get going as quickly as you think it will

Risk	Problem
.....	.....
.....	.....

2. List any other problems that might affect *your* business. Next to each, write what you would do if it happened.

Problem	What I'd do
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

Finally, remember that when you're in business it's always important to keep looking for new ideas and opportunities. For example:

- ways to lower costs without reducing quality
- other products or services that would expand your business
- better ways to sell your product or services.

51

Unit 13 — Ethics

Introduction

What sort of business do you want to run? Every-one who starts a business wants to make money. Some people want to do more than this.

Are you only interested in making money, or do you have some other ideas?

In this Unit we you will look at business *ethics* — what they are, and what yours will be.

Thinking about business ethics

Carolyn from Aboriginal Tracks Australia wants to:

- make her customers happy,
- provide jobs for Aboriginal people
- 'put her heart and soul' into the business.

These are some of her business *ethics* — ie, the ideas upon which the business is based.

Joe is also keen to provide jobs for Aboriginal people. As well, he wants to make sure that the dancers get paid.

Not every-one has such good business ethics. We've all been 'ripped off' at times.

Good business ethics are also good for business. People want to buy from people who are:

honest	• about the product or service they are selling
reliable	• supply the product or service on time
polite	• treat all customers as important.

It's important to think about your own business ethics. What sort of ideas and values are important to you?

Activity 19.

1. List your business ethics.
2. Why are these important to you?

Ethic	Important to me because:
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

Part B — Keeping your business books

Unit 14 — Why keep books?

Introduction

Every business in Australia must keep a set of books, and evidence to support the entries in the books (eg, receipts of items you have bought).

In this Unit you will be looking at why you need to keep these records.

What records do I need to keep?

The records that you need to keep include details of:

- invoices (the bills you send to customers and the bills you get from the people you buy things from)
- cheques — written by you to other people
- cheques sent to you by customers
- receipts for your cash expenses — eg, petrol, stamps
- daily banking (from your bank statements)
- wages — paid to yourself and employees.

Why do I need to keep these records?

1. They help you to keep track of how your business is going.

   Are you making a profit? Can you pay the bills that are owing? How much money do customers owe you?

   A good set of books will answer these vital questions for you.

2. The Taxation Department requires you to keep them.

   At the end of each *financial* year (30 June), you will need to prepare a taxation return that is based on your books.

   Many small businesses pay an accountant to do this for them. In this case, your accountant will need to use your books to prepare your return.

3. People who loaned you the money for the business will want to know whether you are making a profit.

   If, for example, you have borrowed money from a bank, they will want to see figures that are based on your books and bank statements.

4. They are needed for sales tax.

   If your business has to pay sales tax, then you will need to have good records of what you have sold.

   You can check with the Taxation department whether you have to pay sales tax. You won't have to if:

   - you have already paid it to the people who supply you with the materials you use to make your product or service, or
   - you are selling something which is sales tax exempt (ie, no sales tax has to be paid).

5. To sell your business.

   If you ever sell your business, you will need to give the real estate agent details of the last three years' figures. These are shown to people who are interested in buying the business.

It may take you some time to learn how to manage your business books well. The information and activities in the following Units will give you a basic idea. But, it is important to get extra help if you need it. You can get this in many ways, including:

- talking to a good accountant
- doing a course at a TAFE Institute
- reading books
- doing a course with the Council of Adult Education
- from ATSIC.

Unit 15 — Banking systems

Introduction

In this Unit you will learn to:

- write cheques,
- deposit money,
- cancel a cheque, and
- pay in money to a bank or building society.

About cheque accounts

You will need to open a bank account for your business. All your bills should be paid by cheque.

When you open this account, you will tell the bank who is allowed to sign cheques. The bank will only accept cheques with the proper signature. You will be given:

- a cheque book, and
- a pay-in book.

The cheque book will probably have the name of your business printed on it.

Writing cheques

To write a cheque correctly:

- it must be dated
- it must be signed
- it must show the amount to be paid in words and in figures and they must be the same amount
- it must state who is to be paid (the payee)
- you must fill in the cheque 'butt' on the left hand side (for your record)
- it should be 'crossed':
  - *Not Negotiable*
  - *A/C Payee Only*

  'Crossing' a cheque means that it has to be deposited in an account in the same name that the cheque has been writttten.

Below is a typical cheque which has been filled in correctly.

Activity 20.

Fill in the cheques below:

1. Pay B Fry $39.12

Date .....97.
.....
.....
.....
.....
$:.....
13702

ABC BANK
Malop Street, GEELONG

Date: 19

PAY .....OR BEARER
THE
SUM OF:.....
..... $ _____

NOT NEGOTIABLE
A/c Payee Only

A P Billson & Associates _____
13702-6327-0425

2. Pay G. Maguire and Co $127.31

Date .....97.
.....
.....
.....
.....
$:.....
13702

ABC BANK
Malop Street, GEELONG

Date: 19

PAY .....OR BEARER
THE
SUM OF:.....
..... $ _____

NOT NEGOTIABLE
A/c Payee Only

A P Billson & Associates _____
13702-6327-0425

3. Pay Johnston's Services Ltd. $620

Date .....97.
.....
.....
.....
.....
$:.....
13702

ABC BANK
Malop Street, GEELONG

Date: 19

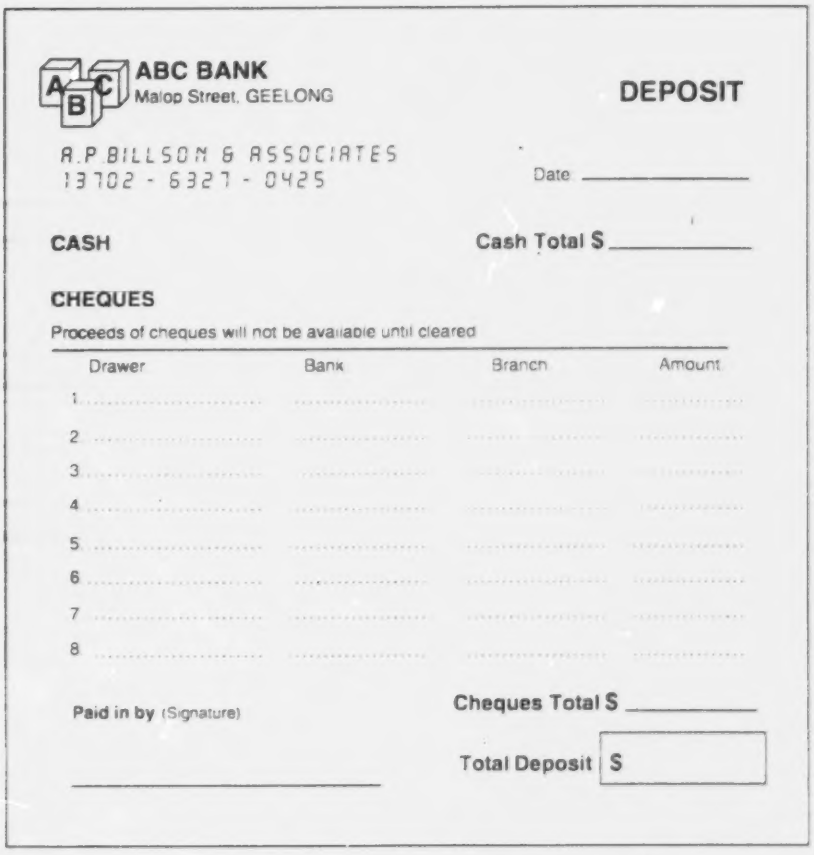
PAY .....OR BEARER
THE
SUM OF:.....
..... $ _____

NOT NEGOTIABLE
A/c Payee Only

A P Billson & Associates _____
13702-6327-0425

Paying money into your cheque account

The bank will give you a ***Pay-in*** book to use to deposit money into your bank account. A typical pay-in slip is shown below.



ABC BANK
Malop Street, GEELONG

DEPOSIT

A.P.BILLSON & ASSOCIATES
13702 - 6327 - 0425

Date _____

CASH

Cash Total $ _____

CHEQUES

Proceeds of cheques will not be available until cleared

	Drawer	Bank	Branch	Amount
1				
2				
3				
4				
5				
6				
7				
8				

Paid in by (Signature)

_____

Cheques Total $ _____

Total Deposit $

It says on the pay-in slips that *Proceeds of cheques will not be available until cleared.* What does this mean? You won't be able to use the money that you deposit in cheques for about five days — until the bank has made sure that the person who wrote the cheque has enough money in their account to pay it. Any cash that you deposit can be used straight away.

Activity 21.

You have received cheques from the following people:

Cheque from (Drawer)	Bank	Branch	Amount
J Sneddon	ANZ Bank	Geelong	$ 137.40
Misty's Ltd	Bank of Melbourne	Geelong	$ 220.85
Ali Baba Treasures	Metway	Sydney	$ 196.00
W. Withers	Bendigo Building Society	Camberwell	$ 348.00

Complete the pay-in slip below:

ABC BANK
Malop Street, GEELONG

Account Identification Number
13702-6327-0425

A P BILLSON & ASSOCIATES

Date: .....

Please fill in the following particulars of cheques: proceeds will not be available until cleared.

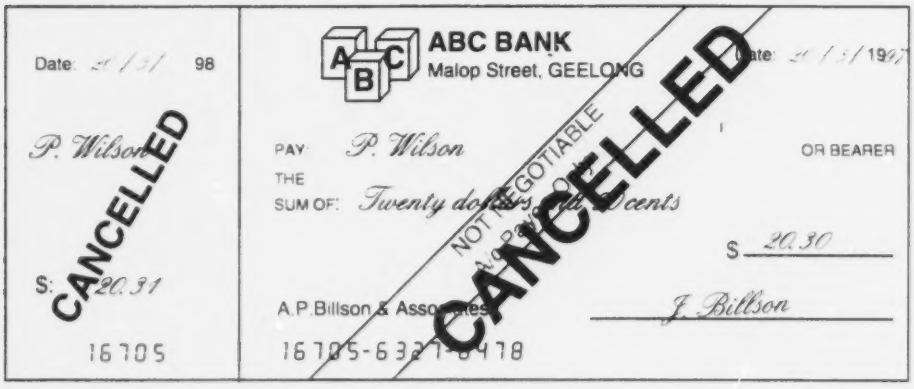
	Drawer	Bank	Branch	Amount
1.	.....	.....	.....	.....
2.	.....	.....	.....	.....
3.	.....	.....	.....	.....
4.	.....	.....	.....	.....
5.	.....	.....	.....	.....
6.	.....	.....	.....	.....
7.	.....	.....	.....	.....
8.	.....	.....	.....	.....

Total $ _____

How to cancel a cheque

Sometimes, you may make a mistake when you write out a cheque. You cancel a cheque by writing *Cancelled* over it and leaving it in your cheque book. You also need to write *Cancelled* on the cheque butt.

Here is an example:



How to stop a cheque

Sometimes, you may want to stop a cheque after you have posted it or given it to the person. A few reasons for wanting to stop a cheque include:

- you've written it out for the wrong amount
- it's written to the wrong person
- you have already paid the account
- you're not happy with the goods you received.

In this case, 'phone the bank and ask them to stop the cheque. You may have to go in as well, to fill in some forms.

Unit 16 — Cash payments records

Introduction

When you have finished this Unit you will be able to make entries in the cash payments book.

The cash payments book

In business, all accounts should be paid by cheque, except for a few small amounts that are paid by cash (through petty cash).

You will need to set up a cash payments book for your business. This name is a bit confusing, because you record *cheque* payments in it — not cash. A cash payments book is only used to record the cheques you have *written* (not received).

The example on the next page shows a typical cash payments book set-up. You don't have to use all these headings for your own books — choose headings for the columns that suit your own business needs.

Date	Details	Chq no	Amount Paid	Materials	Utilities	Insurance	Rent	Advert	Cash Purchases	Motor Vehicle Repairs	Repairs	Equipment	Misc	**TOTAL**
3/1/97	*Rick's Paints*	*13607*	*150.00*	*150.00*										***150.00***
5/1/97	*Gary's Automotive*	*13608*	*45.18*							*45.18*				***45.18***
7/1/97	*Maud's Galleries*	*1309*	*200.00*				*200.00*							***200.00***
			395.18	***150.00***			***200.00***			***45.18***				***395.18***

You can double-check that your adding up is correct.
The total of the figures in the bottom row should be the same as the total of the figures in the right-hand column.
(These have been shaded in the above example).

This is what each of the columns means.

The first four columns are used to record cheque details:

1. date
   - the date that you wrote the cheque
2. details
   - who the cheque is made out to
3. cheque no.
   - each of your cheques has a number
4. amount
   - the amount of the cheque

The other columns are used to record what the money was used for:

5. materials
   - write the cheque amount in this column if it was used to buy materials to make what you sell
6. utilities
   - write the cheque amount in this column if it was used to pay for electricity, phone, gas, water etc.
7. insurance
   - write the cheque amount in this column if it was used to pay insurance
8. rent
   - write the cheque amount in this column if it was used to pay rent
9. advertising
   - write the cheque amount in this column if it was used to pay for advertising your product or service
10. cash purchases
    - write the cheque amount in this column if it was used to write a 'cash' cheque (eg to 'top up' your petty cash)
11. repairs
    - write the cheque amount in this column if it was used to pay for repairs to equipment, the building etc
12. motor vehicle expenses
    - write the cheque amount in this column if it was used to pay for petrol, repairs etc.

13.equipment	• write the cheque amount in this column if it was used to buy equipment for the business
14. misc (miscellaneous)	• write the cheque amount in this column if it was used to pay for something that doesn't 'fit' any of the other columns
15. total	• write each cheque amount again in the *total* column so that you can add up how much you have spent at the end of each page

Activity 22.

Think about the best way to organise the cash payments book for your business. What column headings will you use?

1. Date
2. Details
3. Cheque Number
4. Amount
5. .....
6. .....
7. .....
8. .....
9. .....
10. .....
11. .....
12. .....
13. .....
14. .....
15. .....
16. .....
17. .....
18. .....
19. .....
20. .....
21. .....
22. .....

66

Unit 17 — Buying and paying for goods and services

Introduction

When you have finished this Unit you will be able to make out an order for goods that you wish to buy now and pay for later.

Setting up an ordering system

You will have to buy many things for your business. Paying with cash is the easiest way of buying, but it is generally better to pay by cheque. It is best to pay after you have received the goods.

Many suppliers will let you order items and pay for them later — eg, 7 days, 14 days, 1 month after you receive them. Buying now and paying later is called buying on *credit*. When you buy on credit, you will be sent *invoices* (bills) that have to be paid.

This is how to set up credit arrangements with a supplier:

1. tell the supplier that you would like to set up an *account*
2. the supplier will ask for the names of several financial referees —ie, businesses you deal with that can tell the supplier that you pay your bills on time
3. the supplier will then decide whether to give you credit.

Pay your suppliers by the due date — otherwise, they may stop giving you credit.

When you buy items on credit, it is very important to keep good records of what you ordered. This way, you can check that you receive what you've paid for.

You will need to use a *purchase order* for buying items — like the one shown on the next page.

ORDER No. 12631

DATE 11/1/98

To: B Smith
11 Ryrie Street
Geelong

Please supply the following goods in good condition:

Quantity	Description
10	Prints No 101632 @ $21.00 each

Signed: B. Prentis

Tips for using purchase orders:

1. There should be two copies of the purchase order — you give the original to the person you are buying from, and keep the copy for your own records.
2. Make sure that you set out clearly what you want to buy. Use part numbers or item codes, if they exist.
3. Sign the purchase order before you hand it over or fax it.
4. When the goods are delivered, check that they are correct by referring to your purchase order.

If you order goods over the 'phone, make sure that you write down the details of your order every time. Don't rely on memory to check your order when it's delivered!

68

Activity 23.

Make out two purchase orders using the details below:

Purchase Order No 1:

- order number: 1632
- date: 12/3/98
- supplier: D. Palmer
- requirements:
  - 10 frames 60mm x 30mm @ $16 each
  - oval frames size M310 @ $18.50 each
- delivery: ASAP (as soon as possible)
- sign the order.

ORDER N° _____

DATE _____

To _____

_____

_____

Please supply the following goods in good condition

Quantity	Description

Signed _____

Purchase Order No 2:

- order number 208
- date: 14/6/97
- supplier: The Catering Co
  23 Cat St
  Geelong, 3220
- requirements:
  - 10 x 500 gr. jars *Brekky Marmalade*
  - 12 x 1kg cans *Sunny Peaches*
  - 4 x 2kg jars *Salad Dream Mayonnaise*
- delivery: by 20/6/97
- sign the order

ORDER N° _____

DATE _____

To _____

_____

_____

Please supply the following goods in good condition

Quantity	Description

Signed _____

70

Invoices

When you buy your goods on credit, you will be sent an invoice (bill) for what you owe. An example is shown below:

Invoice No K 12378

Our Prints Ltd
555 Ryrie Street
GEELONG

Date 20 1 98

Invoice to: *Krafty Nuts*
101 Auburn Street
Moolap

Your Order No, *12631*

Quantity	Description	$
10	*prints No 101632 @ 21.00 each*	*210.00*
	Terms: Strictly 14 days **TOTAL**	*$210.00*

You can see from this invoice that you owe B. Smith for the prints that they supplied to you. You must pay within 14 days of the invoice date (by 3 February).

How to pay an invoice

You must make sure that you don't pay an invoice twice. When you pay the bill :

- write *Paid* on the invoice, and
- write the cheque number on the invoice.

You can pay invoices as soon as they come in, or just before they are due.

Every payment must be written in your cash payments book.

Unit 18 — Sales and returns

Introduction

At the end of this Unit you will understand:

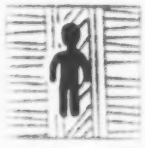
- the paperwork to use when you sell to customers
- what to do if goods are returned to you by customers.

Sales

You learned in the last Unit that you may buy the goods you need to run your business either with cash or by invoice. It follows that you may sell your own goods or services using the same two systems.

Some businesses don't offer credit — eg, most milk-bars, video stores, market stalls. It is certainly simpler to run a business on a *cash on delivery* basis. However, in some industries it is expected that credit will be available for customers.

Activity 24.



Will you offer credit to your customers?

Yes ☐ No ☐

Why have you decided this?

.....

.....

.....

.....

.....

.....

.....

12

If you intend to provide credit, then you will need to set up an invoice system. Give the original to your customer, and keep the copy for your own records.

Activity 25.

Read the following invoice and answer the questions on the next page.

Invoice No K 12378
Date 20.1.98

Sold to: Bernie Smith
16 Banksia Street
OLDTOWN

Item	Description	Qty	@	$
1	candles	12	15.00	180.00
2	string	2 balls	3.00	6.00
3	linseed oil	10	85 c	8.50

Terms: Net 30 days **TOTAL** $ 194.50

73

1. Who is the purchaser?

.....

2. What was the date of the invoice?

.....

3. How many items were sold?

.....

4. Who was the seller?

.....

5. What was the amount of the invoice?

.....

6. What date should the invoice be paid by?

.....

Cash sales

If you sell for cash (or EFTPOS, credit card etc), you may give your customer a *sales docket.* You have probably received many sales dockets yourself — sometimes they are hand-written, and sometimes they come from the cash register. Many supermarket dockets, for example, list the items that you have bought and the cost of each item.

Returns

A customer may return goods to you if, for example, the item:

- is broken or damaged
- is incomplete
- is out of date
- is not the same as the one chosen.

When items are returned, you may give a refund or credit to your customer. (Check your state or territory laws — there are specific rules about when a customer is entitled to a refund.)

Each time a customer returns an item, think about how the problem happened and how you can prevent it happening again. Happy customers are the strength behind every successful business.

Unit 19 — Taxes

Introduction

As a business owner, you will have to complete a taxation return and pay taxes.

In this Unit you will gain a basic understanding of the taxes that you may have to pay.

What taxes will I have to pay?

Depending on what kind of business you have, you may have to pay the following kinds of taxes:

- *income tax* — this is the tax which is paid on your profit
- *provisional tax* — if your business makes a certain amount of profit (set by the Taxation Department) you will have to pay provisional tax. This means that you will pay tax for *two* years:
    - the year that has just finished, and
    - the next year in advance.

  The Taxation Department works out how much you owe for your provisional tax bill.

  This tax can be a real hassle for new businesses — it often has to be paid just when you're getting established. It's very important to plan for provisional tax before the bill is due. Your accountant will help you with this.
- *income tax deductions for employees* — if you employ staff, you will probably have to pay income tax, superannuation, Work Cover and the Medicare levy for them.
- *sales tax* — is paid on most of the things that we buy when we go shopping. If you are setting up a retail outlet eg — a shop, you will probably pay this tax when you buy from your suppliers — it is included in their invoice. However, depending on the kind of business you run, you may need to pay sales tax directly to the Taxation Department.

These are the most common taxes that you may have to pay when you set up your own small business. However, there are others.

It is really important to get good advice and help right from day one — it can save a lot of problems later on.

Most business people use an accountant to prepare their taxation returns.

Activity 26.

The Australian Taxation Office provides free booklets for people who are starting their own businesses. They have lots of useful information.

Contact your nearest office and ask them to send you copies.

Unit 20—More information

Introduction

Congratulations on completing this course! By now you will have done a lot of work to plan your own small business. As well, you have learned some basic book-keeping skills.

However, if you are going to start this business, you will need to do a lot more work.

In this Unit you will find out the extra information that you need to improve the likelihood that your business will be a success.

Sources of information

Many organisations can help small business owners. Some of these have been identified in this course, eg — ATSIC, the Taxation Department, your accountant and your State or Territory Small Business Centre. The Internet can also be a great way of finding lots of useful facts, ideas and contacts very quickly.

However, there are many more sources of information available.

Activity 27.

1. What other information do you need before you start your own business?

2. Where will you get this information?

Information needed	Sources
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

79

Back to basics — small business maths

A program for Aboriginal people

Adult Education in the Community

Gordon Institute of TAFE

CE 076650

Back to basics — small business maths

A program for Aboriginal people

ISBN 0 7311 2664 5 Bridging into small business: a program for Aboriginal pec
ISBN 0 7311 2665 3 Starting your own small business
ISBN 0 7311 2666 1 Back to basics - small business maths

Acknowledgements:

Program Manager: Jan Golden
Gordon Institute of TAFE

Instructional Designer Jill Kaufmann
Gordon Institute of TAFE

Writer Jill Kaufmann
Gordon Institute of TAFE

Desktop Publisher/Graphics Pleun Rostron
Gordon Institute of TAFE

© Adult, Community and Further Education Board, Victoria 1998. Copyright in this document is owned by the State of Victoria. Designated Handouts may be photocopied for classroom use. Otherwise no parts may be reproduced by any process except with the express written permission of the Attorney-General for the State of Victoria or a person acting under her authority or in accordance with the provisions of the Copyright Act.

All enquiries in relation to this publication should be addressed to:

Co-ordinator
Adult Education Resource and Information Service, ARIS
Language Australia
GPO Box 372F
MELBOURNE VIC 3001

ARIS is funded by the Adult, Community and Further Education Board, Victoria.

Table of Contents

Introduction 1

What the icons mean 2

1 — How to use your calculator 3

Introduction 3

What sort of calculator do I need? 3

Choosing a calculator 4

What does a simple calculator look like? 4

2 —Using your calculator to add up 7

Adding money 8

3 — Using your calculator to subtract 11

4 — Using your calculator to multiply 15

5 — Using your calculator to divide 21

6 — Using your calculator to work out percentages 29

7 — Writing numbers in words 39

Summary 47

Answers to activities 49

Introduction

Welcome to *Back to basics — small business maths*!

As you may already know, this small business course consists of three resources:

- the *Aboriginal small business video*
- an exercise book called *Starting a small business*. This gives you a step-by-step plan to develop a business idea and some basic book-keeping skills, and
- this book, *Back to basics — small business maths.*

Some of the tasks in the *Starting a small business* require you to work with figures. The purpose of *Back to basics* is to give you some more help with these tasks. So, if you're finding one or more of them a bit tricky, take some time out to check out this book.

Back to basics includes information and activities about:

- how to use a calculator
  - how to add up using your calculator
  - how to subtract using your calculator
  - how to multipy using your calculator
  - how to divide using your calculator
- how to work out percentages using your calculator
- how to write numbers in words.

What the icons mean

As you work through this book you will notice the following icons (pictures).

Individual activity — these activities can be completed on your own.

Using a calculator will make these activities easier to complete.

1 — How to use your calculator

Introduction

It's worth taking a bit of time to learn how to use a calculator. They can make life a lot easier when we have to do calculations!

Although they are a very good tool, it is important to be careful when using a calculator. Always make the following checks:

- check the display as your enter each number (it's easy to make mistakes)
- ask yourself, 'Does this look like a likely answer?
- do the calculation twice to double-check your answer.

Remember, you don't have to be fast when you use a calculator.

What sort of calculator do I need?

There are many different kinds of calculators — ranging from very simple ones which perform basic calculations to those which perform complex, scientific work.

Luckily, the sorts of calculations you'll be doing are basic:

- addition
- subtraction
- division
- multiplication
- percentages.

In this Unit you'll learn how to do each of these calculations.

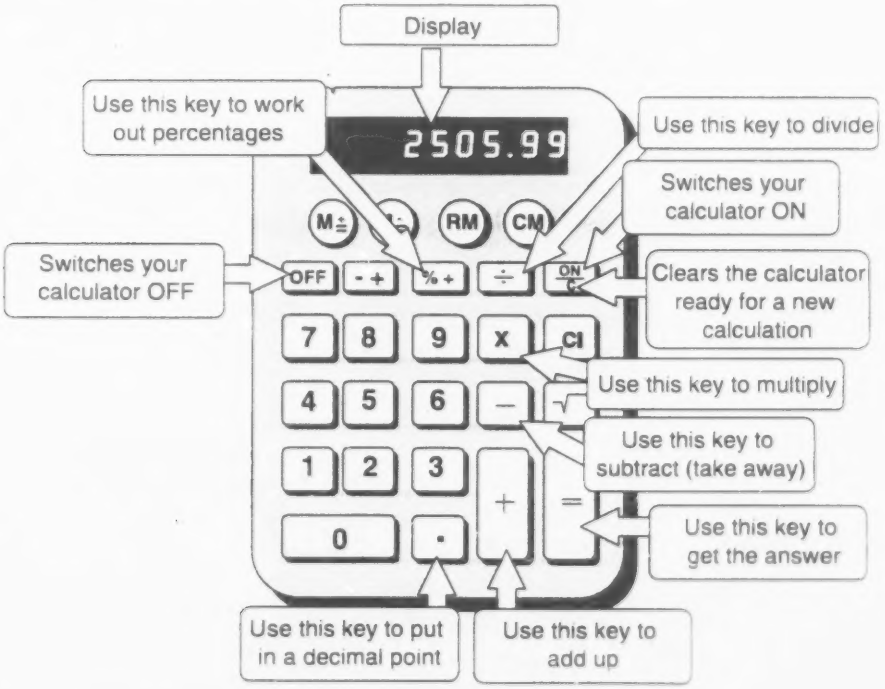
Choosing a calculator

There are a few points to keep in mind when you buy a calculator.

1. Think about buying a large calculator ie — one with a big display and keys. They can be easier to use than the smaller types.
2. Read the instruction booklet and discuss your needs with the sales assistant.
3. Try out the calculator. Check that it does what you need it to do.
4. Once you buy it, read the instruction booklet carefully and work through the examples given, several times. This is very important because it will help you learn exactly what your calculator can do.
5. Store your calculator in its case and keep it away from heat.

What does a simple calculator look like?

A typical, simple calculator is shown below.


Display
Use this key to work out percentages
2505.99
Use this key to divide
Switches your calculator ON
Switches your calculator OFF
Clears the calculator ready for a new calculation
Use this key to multiply
Use this key to subtract (take away)
Use this key to get the answer
Use this key to put in a decimal point
Use this key to add up

86

Your calculator may look different to the own shown in the picture. For example, there may be extra keys and some calculators only have one button for switching on/off.

Activity 1.

1. Draw the face of the calculator you'll be using.

2. Label the following keys:

- ON
- OFF
- percentage
- division
- multiplication
- addition
- subtraction
- answer
- decimal point
- C (Clear).

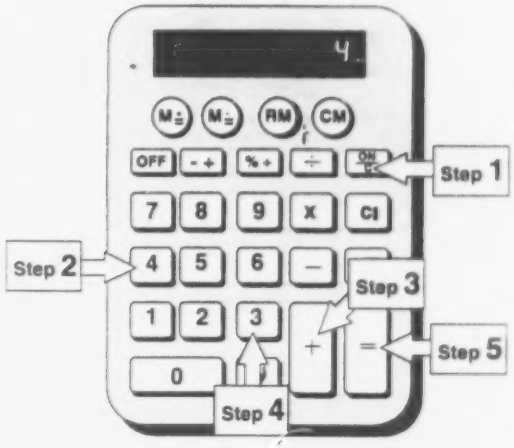
2 —-Using your calculator to add up

Let's look at some very simple examples of how to use your calculator for additions.

1. 4 + 3

   to do this on your calculator you enter, in this order:

Step 1 — C
Step 2 — 4
Step 3 — +
Step 4 — 3
Step 5 — =



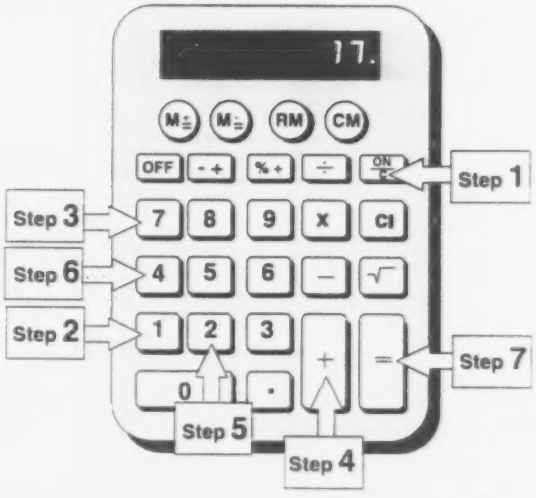
The answer is 7.

Note: Step 1 for every calculation is C (Clear). By entering C, you are making sure that your last calculation has been cancelled (cleared) from the calculator.

2. 17 + 24

   to do this on your calculator you enter, in this order:

Step 1 — C
Step 2 — 1
Step 3 — 7
Step 4 — +
Step 5 — 2
Step 6 — 4
Step 7 — =



The answer is 41.

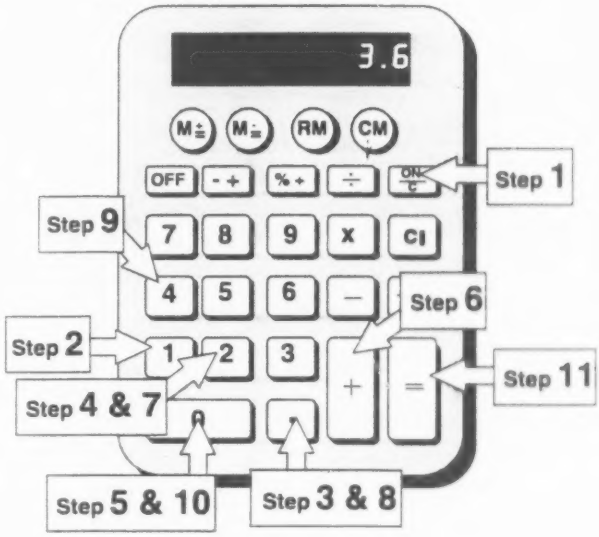
Adding money

Let's look at an example of how we add money using a calculator.

$ 1.20 + $ 2.40

To do this on your calculator, you enter, in this order:

Step 1 — C
Step 2 — 1
Step 3 — .
Step 4 — 2
Step 5 — 0
Step 6 — +
Step 7 — 2
Step 8 — .
Step 9 — 4
Step 10 — 0
Step 11 — =



You'll notice that the answer on the display is 3.6. This is because the calculator is simply working with numbers — it doesn't know that we're adding dollars and cents.

But, when we're working with money, we need two numbers after the decimal point.

All you need to do is add a zero at the end of the number to get the right answer:

3.6 is the same as 3.60

So, the right answer is $3.60.

If the calculator answer has no numbers after the decimal point, you'll need to add two zeros. For example:

Adding dollars and cents	Calculator display
\$2.00 + \$2.00 = \$4.00	2. + 2. = 4. Add two zeros = 4.00 So, the right answer is \$4.00

Activity 2.

1. Look at these examples of adding dollars and cents. You are given the answer that would be shown on your calculator display.

   Convert each of the calculator answers into dollars and cents.

Sum	Calculator display	Dollars and cents
Example: *\$1.40 + \$2.60*	*4.*	*\$4.00*
a) \$2.20 + \$4.90	7.1	\$.....
b) \$4.90 + \$9.60	14.5	\$.....
c) \$7.45 + \$6.00	13.45	\$.....
d) \$5.25 + \$3.00	8.25	\$.....
e) \$6.00 + \$4.00	10.	\$ .....
f) \$7.00 + \$5.00	12.	\$ .....
g) \$5.50 + \$9.50	15	\$ .....

Activity 3.

Try these calculations:

a) 14 + 27 = ...

b) 90 + 19 = ...

c) 42 + 26 = ...

d) $ 8.00 + $ 4.25 = ...

e) $ 10.40 + $ 19.10 = ...

f) $ 92.50 + $ 26.00 = ...

g) $ 16.00 + $ 5.20 + $ 9.45 = ...

h) $ 126.00 + $ 245.50 = ...

i) $ 45.95 + 129.50 + $ 64.10 = ...

Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.

If you still get a different answer, ask your Trainer for help.

3 — Using your calculator to subtract

Using your calculator to subtract (take away) one number from another is very simple!

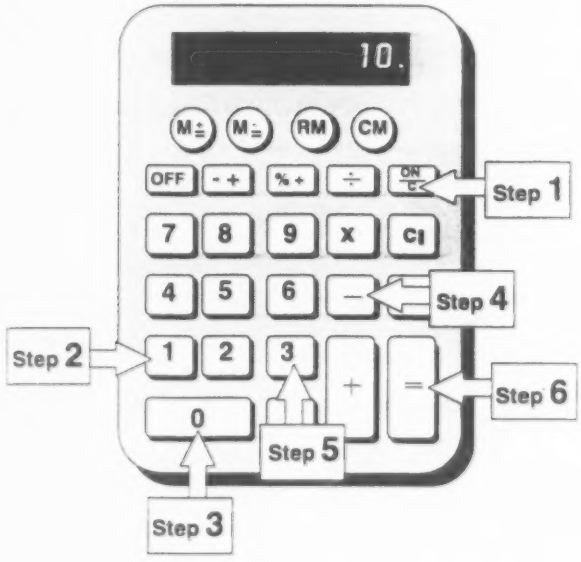
You use the − key, instead of the + key.

Let's look at some examples:

1. 10 – 4

   To do this on your calculator, you enter, in this order:

Step 1 — C
Step 2 — 1
Step 3 — 0
Step 4 — –
Step 5 — 3
Step 6 — =



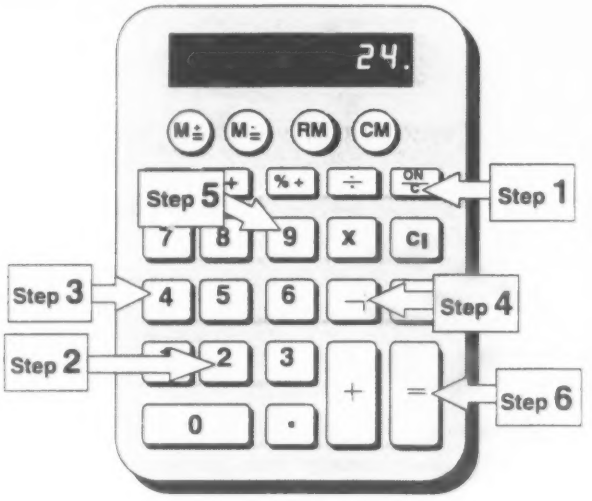
The answer is 6.

Note: Step 1 for every calculation is C (Clear). By entering C, you are making sure that your last calculation has been cancelled.

2. 24 – 9

To do this on your calculator, you enter, in this order:

Step 1 — C
Step 2 — 2
Step 3 — 4
Step 4 — –
Step 5 — 9
Step 6 — =

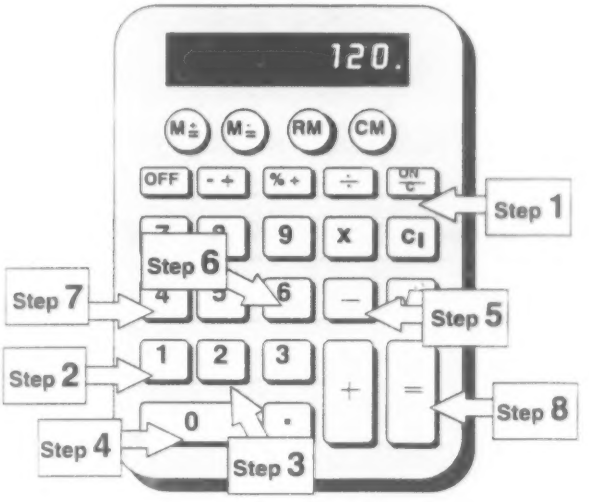


The answer is 15.

3. 120 – 64

To do this on your calculator, you enter, in this order:

Step 1 — C
Step 2 — 1
Step 3 — 2
Step 4 — 0
Step 5 — –
Step 6 — 6
Step 7 — 4
Step 8 — =



The answer is 56.

Activity 4.

1. Do the last three examples on your calculator:

   a) 10 – 4 .....

   b) 24 – 9 .....

   c) 120 – 64 .....

2. Try these calculations:

   a) 8 – 4 = ...

   b) 26 – 15 .....

   c) 55 – 24 .....

   If you haven't already read the section on *Adding Money*, you should look at it now. It gives important information about how to change the calculator's answer into dollars and cents.

   d) $6.45 – $3.99 = ...

   e) $31.50 – $ 9.50 = ...

   f) $96.40 – 20.60 = ...

   g) $109.00 – 10.85 – $17.50 = ...

   h) $426.00 – $118.00 – $84.10 = ...

   i) $894.65 – $87.30 – $198.00 = ...

Check your answers with the ones given at the back of this book. Are they the same? If not, try them again. If you still get a different answer, ask your Trainer for help.

4 — Using your calculator to multiply

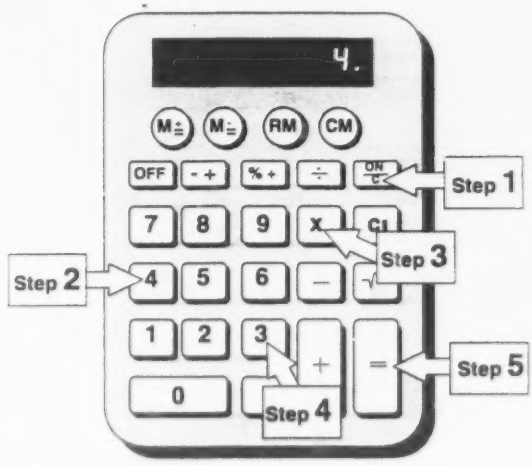
Let's look at how we use a calculator to multiply two or more numbers.

To do this we use the multiplication key — [x].

Again, we'll start with some very simple examples.

1. 4×3

Step 1 — C
Step 2 — 4
Step 3 — ×
Step 4 — 3
Step 5 — =

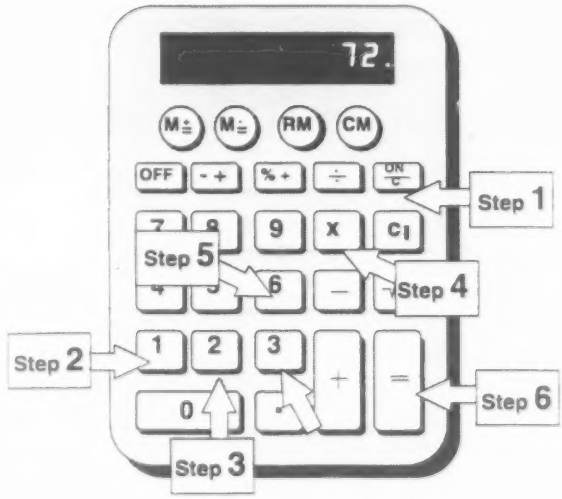


The answer is 12.

Note: Step 1 for every calculation is C (Clear). By entering C, you are making sure that your last calculation has been cancelled.

2. 12×6

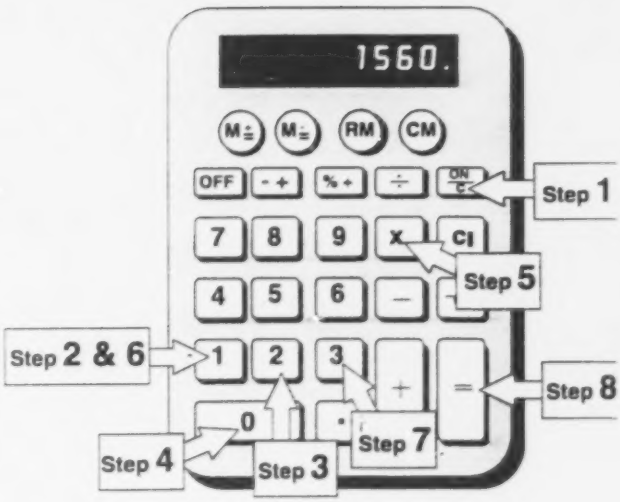
Step 1 — C
Step 2 — 1
Step 3 — 2
Step 4 — ×
Step 5 — 6
Step 6 — =



The answer is 72.

3. 120×13

Step 1 — C
Step 2 — 1
Step 3 — 2
Step 4 — 0
Step 5 — ×
Step 6 — 1
Step 7 — 3
Step 8 — =



The answer is 1560.

Activity 5.

1. Do the last three examples on your calculator:

   a) $4 \times 3 =$.....

   b) $12 \times 6 =$.....

   c) $120 \times 13 =$.....

2. Try these calculations:

   a) $6 \times 4 =$ .....

   b) $5 \times 8 =$.....

   c) $7 \times 3 =$ .....

   If you haven't already read the section on *Adding Money*, you should look at it now. It gives important information about how to change the calculator's answer into dollars and cents.

   d) $\$4.50 \times 3 =$ .....

   e) $4 \times \$\ 1.25 =$ .....

   f) $7 \times \$94.60 =$ .....

   g) $\$26.10 \times 55 =$ .....

   h) $\$34.50 \times 15 =$ .....

   i) $\$62.50 \times 25 =$ .....

Check your answers with the ones given at the back of this book. Are they the same? If not, try them again. If you still get a different answer, ask your Trainer for help.

Why would you need to multiply figures in your own business? We'll look at an example.

Julie runs a restaurant which specialises in indigenous foods. One of her suppliers has sent her an invoice (bill) for the goods she has ordered.

Australis Fine Foods **INVOICE**

Invoice Date: 1/9/97
Invoice Number: 010486

3 Knox Street TAMBOON

Billed to:

Good Tucker Restaurant
535 King Street
SYDNEY NSW 2000

ORDER NUMBER: 1568 TERMS STRICTLY 14 DAYS

DATE	DESCRIPTION OF GOODS	PRICE per kg	NO	AMOUNT
10/8/97	Kangaroo fillets	32.20kg	2	64.40
	Yabbies	26.00kg	6	156.00
	Emu fillets	29.00kg	8	232.00

The price per kilogram of each item

The number of kilograms that Julie bought

The total price for each item

The total amount Julie owes

WE APPRECIATE YOUR BUSINESS TOTAL: $ 454.40

When Julie receives the invoice she checks that she has been charged the correct amount of money. She does this by checking the amount charged for each item.

1. Kangaroo fillets cost $32.20 per kilogram.

   Julie ordered 2 kilograms, that is:

   $$\$32.20 \times 2 = \$64.00$$

2. Yabbies cost $26.00 per kilogram.

   Julie ordered 6 kilograms, that is:

   $$\$26.00 \times 6 = \$156.00$$

3. Emu fillets cost $29.00 per kilogram.

   Julie ordered 8 kilograms, that is:

   $$\$29 \times 8$$
   $$= \$232.00$$

To check if she had been charged the right price, Julie had to ***multiply*** the price of each item on the bill by the cost per kilogram.

The check that the total amount owing is correct, Julie can add up the figures in the *Amount* column, that is:

$$\$64.40 + \$156.00 + \$232.00 = \$452.40$$

So, Australis Fine Foods have charged Julie the correct price.

Activity 6.

Fill in the blanks in the invoice below.

Blackstump Road
GIPPSLAND

INVOICE

Invoice Date: .....

Invoice Number: .....

Billed to:

Handcrafted Traditions
16 Main Road
Dimboola

ORDER NUMBER: 1568 TERMS STRICTLY 14 DAYS

DATE	DESCRIPTION OF GOODS	PRICE per m	NO	AMOUNT
	Redgum 6" x 2"	$8.00m	10	.....
	Ironbard 6" x 2"	$11.00m	6	.....
	Brushbox 4" x 4"	$6.50m	15	.....
	Tas. Oak 4" x 4"	$5.90m	15	.....

WE APPRECIATE YOUR BUSINESS TOTAL: $ .....

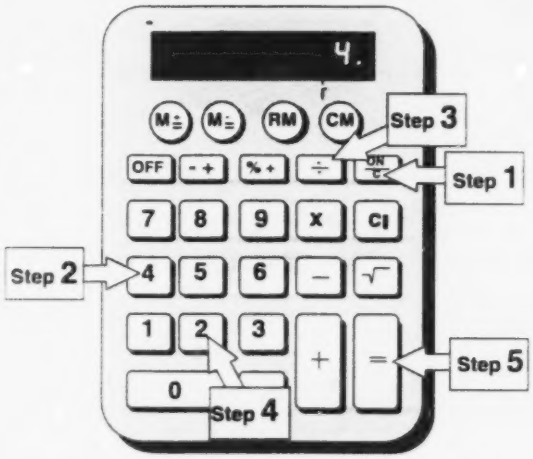
5 — Using your calculator to divide

Next, we will look at how to use a calculator to divide numbers.

To do this we use the ÷ key. We'll again start with some very simple examples.

1. 4 ÷2

Step 1 — C
Step 2 — 4
Step 3 — ÷
Step 4 — 2
Step 5 — =

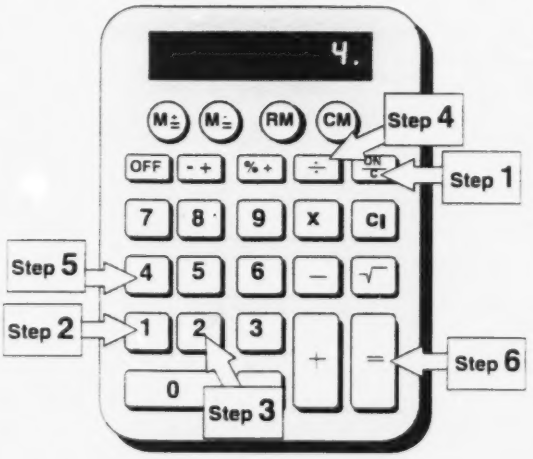


The answer is 2.

Note: Step 1 for every calculation is C (Clear). By entering C, you are making sure that your last calculation has been cancelled.

2. 12 ÷ 4

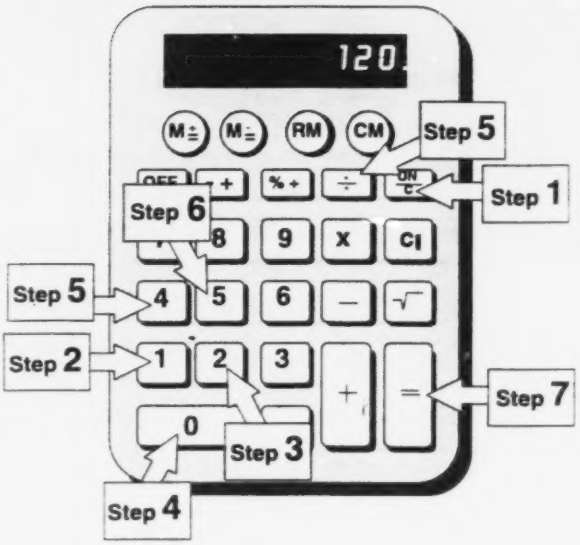
Step 1 — C
Step 2 — 1
Step 3 — 2
Step 4 — ÷
Step 5 — 4
Step 6 — =



The answer is 3

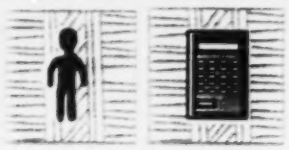
120 ÷ 5

Step 1 — C
Step 2 — 1
Step 3 — 2
Step 4 — 0
Step 5 — ÷
Step 6 — 45
Step 7 — =



The answer is 24.

Activity 7.



1. Do the last three examples on your calculator:

   a) $4 \div 2 =$.....

   b) $12 \div 4 =$.....

   c) $120 \div 5 =$.....

2. Try these calculations:

   a) $24 \div 4 =$ .....

   b) $40 \div 8 =$.....

   c) $21 \div 7 =$ .....

   If you haven't already read the section on *Adding Money*, you should look at it now. It gives important information about changing the calculator's answer into dollars and cents.

   d) $\$13.50 \div 3 =$ .....

   e) $\$ 5.00 \div 4 =$ .....

   f) $\$662.20 \div 7 =$ .....

   g) $\$1{,}435.50 \div 55 =$ .....

   h) $\$517.50 \div 15 =$ .....

   i) $\$1{,}562.50 \div 25 =$ .....

Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.
If you still get a different answer, ask your Trainer for help.

When would you need to divide figures in your own business? Here's an example.

You own a surf shop and want to buy the following stock:

- leg ropes
- board wax
- skate board decks.

	Supplier					
	Ripper Waves		The Tube		Surfing Daze	
Item	Price	Quantity	Price	Quantity	Price	Quantity
leg ropes	$1.86	each	$18.00	12	$17.60	10
board wax	.55	each	$5.40	12	$4.80	10
skateboard decks	45.00	each	$460.00	12	$448.00	10

How do you work out who is the cheapest supplier?

We need to find out the price *per item* from each supplier. This is easy with *Ripper Waves* — the price you've been given is for a single item.

Because *The Tube* quoted you a price per dozen items, you'll need to divide their prices by 12:

leg ropes $18.00 ÷ 12 = $1.50 each

board wax $5.40 ÷ 12 = .45 each

skateboard decks $460.00 ÷ 12 = $38.33 each

You'll notice the calculator display is 38.33333 for skateboard decks. You only need the first two numbers after the decimal point.

Surfing Daze's prices are for 10 items. So, to find out the price per item we need to divide their figures by 10.

leg ropes $17.60 ÷ 10 = $1.76 each

board wax $4.80 ÷ 10 = .48 each

skateboard decks $448.00 ÷ 10 = $44.80 each

Now that we know how much each supplier charges per item, we can compare prices:

	Supplier		
	Ripper Waves	**The Tube**	**Surfing Daze**
Item	**Price**	**Price**	**Price**
leg ropes	$1.86 each	$1.50 each	$1.76 each
board wax	.55 each	.45 each	.48 each
skateboard decks	$45.00 each	$38.33 each	$44.80 each

Activity 8.

1. Who is the cheapest supplier for:

   a) leg ropes? .....

   b) board wax? .....

   c) skateboard decks? .....

2. What is the price per item from each of the following suppliers?

3. Circle the cheapest supplier for each item.

Item	Your Office		Paper 'n Things		Discount Office Supplies	
	Price	Qty	Price	Qty	Price	Qty
White paper	$3.60	ea	$21.96	6	$42.60	12
Blue biros	$2.40	3	.80	ea	$1.40	2
Envelopes	$1.10	100	$2.00	200	.50	50
Highlighter pens	$2.10	ea	$3.80	2	$4.10	3

White paper

	Price Given	Divided by (Quantity)	Price per item =
Your Office			
Paper 'n Things			
Discount Office Supplies			

Blue biros			
	Price Given	Divided by (Quantity)	Price per each item =
Your Office			
Paper 'n Things			
Discount Office Supplies			
Envelopes			
	Price Given	Divided by (Quantity)	Price per each item =
Your Office			
Paper 'n Things			
Discount Office Supplies			
Highlighter pens			
	Price Given	Divided by (Quantity)	Price per each item =
Your Office			
Paper 'n Things			
Discount Office Supplies			

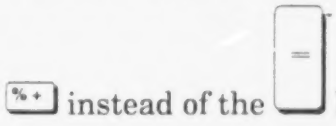
Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.

If you still get a different answer, ask your Trainer for help.

6 — Using your calculator to work out percentages

We come across percentages (%) often during our lives. For example, shops may advertise a sale that has 20% off all items in the store.

A percentage is just another way of writing numbers. To work out percentages on our calculators we use the percentages key:



instead of the key.

Percentage	Meaning	Fraction	Decimal
1%	1 out of 100	$\frac{1}{100}$	.01
5%	5 out of 100	$\frac{5}{100}$ $\left(\frac{1}{20}\right)$	.05
10%	10 out of 100	$\frac{10}{100}$ $\left(\frac{1}{10}\right)$	.10
15%	15 out of 100	$\frac{15}{100}$ $\left(\frac{3}{20}\right)$	.15
20%	20 out of 100	$\frac{20}{100}$ $\left(\frac{1}{5}\right)$	.20
25%	25 out of 100	$\frac{25}{100}$ $\left(\frac{1}{4}\right)$	.25
50%	50 out of 100	$\frac{50}{100}$ $\left(\frac{1}{2}\right)$	.5
75%	75 out of 100	$\frac{75}{100}$ $\left(\frac{3}{4}\right)$	.75
100%	100 out of 100	$\frac{100}{100}$ (1)	1.00

From the above chart we can see that 50% = $\frac{1}{2}$.

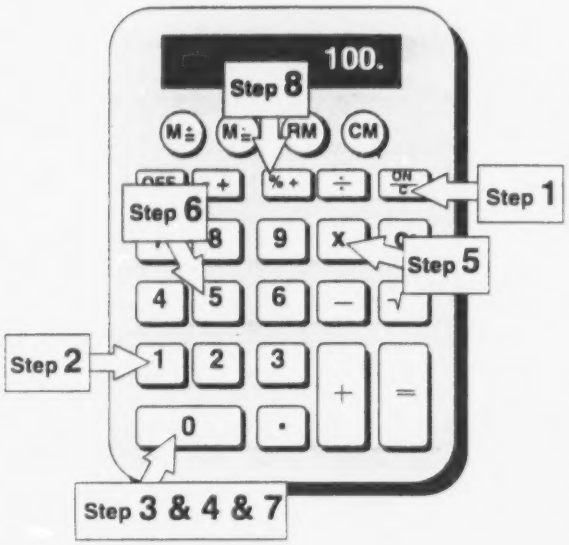
So, a 50% discount means an item is being sold for half price.

Using a calculator, percentages are very easy to work out. Let's look at some examples:

1. 50% of $100

To do this on your calculator your need to enter (in this order):

Step 1 — C
Step 2 — 1
Step 3 — 0
Step 4 — 0
Step 5 — ×
Step 6 — 5
Step 7 — 0
Step 8 — %



Notice that you use the [%+] button instead of the [=] button for step 8.

The answer is $50.

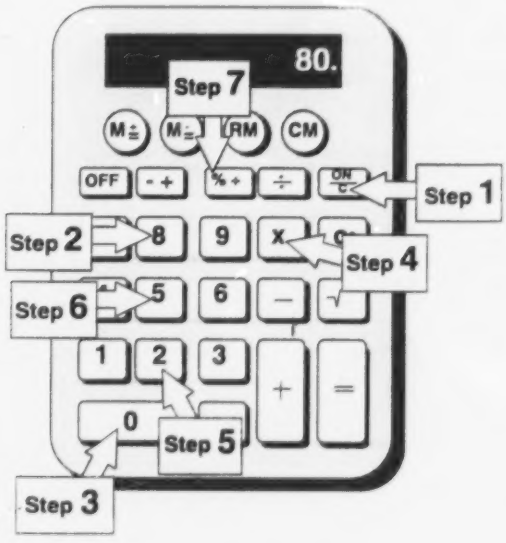
Note: Step 1 for every calculation is C (Clear). By entering C, you are making sure that your last calculation has been cancelled.

109

2. 25% of 80

To do this on your calculator, you need to enter (in this order):

Step 1 — C
Step 2 — 8
Step 3 — 0
Step 4 — ×
Step 5 — 2
Step 6 — 5
Step 7 — %

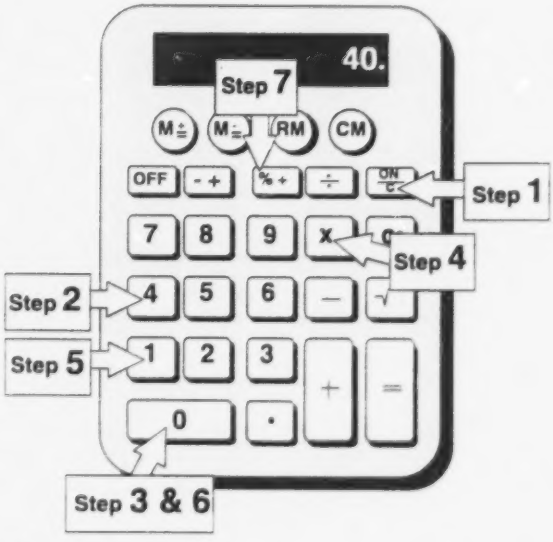


The answer is 20.

3. 10% of $40

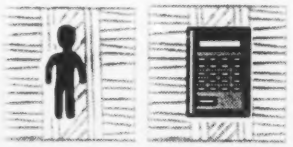
To do this on your calculator, you need to enter (in this order):

Step 1 — C
Step 2 — 4
Step 3 — 0
Step 4 — ×
Step 5 — 1
Step 6 — 0
Step 7 — %



The answer is $4.00

Activity 9.



1. Do the last three examples on your calculator:

   a) 50% of $100 =.....

   b) 25% of 80 =.....

   c) 10% of 40 =.....

2. Try these calculations:

   a) 40% of $400 = ...

   b) 15% of $75 =.....

   c) 10% of $65 = ...

   d) 5% of $75 = ...

   e) 8% $64 = ...

   f) 60% of $120 = ...

   g) 40% of $160 = ...

   h) 9% of $850 = ...

   i) 6% of $20 = ...

Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.
If you still get a different answer, ask your Trainer for help.

Let's look at some of the ways that percentages are used in business.

Often, your suppliers will give you a discount if you pay your bill quickly. For example, you may be offered 3% discount if you pay within seven days.

Activity 10.

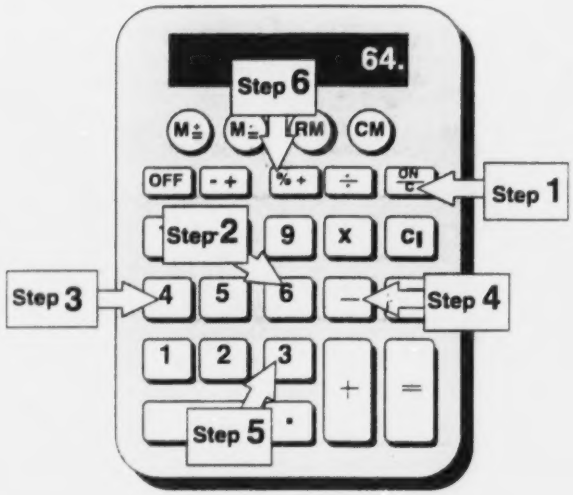
1. How much money would you save on these bills if you were given a 3% discount for early payment?
2. How much would you then owe on each bill? Work this out by subtracting the discount from the bill.

Billed Amount	3% Discount if payment received within 10 days	Total Amount Due (Total - Discount)
eg — $200	*$6*	*$194*
a) $64	.....	.....
b) $82.45	.....	.....
c) $193.60	.....	.....
d) $48.00	.....	.....
e) $220.00	.....	.....
f) $99.00	.....	.....

There's a simpler way of using your calculator to work out % discounts. Let's look at an example:

3% discount on $64

Step 1 — C
Step 2 — 6
Step 3 — 4
Step 4 — -
Step 5 — 3
Step 6 — %



The answer is $62.08

Activity 11.

Re-calculate the % discounts in Activity 9, using this one-step method.

a) 40% of $400 = ...

b) 15% of $75 = ...

c) 10% of $65 = ...

d) 5% of $75 = ...

e) 8% of $64 = ...

f) 60% of $120 = ...

g) 40% of $160 = ...

h) 9% of $850 = ...

i) 6% of $20 = ...

These discounts may not seem very large — but they are definitely worth having! They give you 3% more profit — and that can be difficult to get in other ways.

Percentage discounts may also be given by a supplier if you order in bulk. Or, you may choose to give a good customer a discount.

Some people use a percentage mark-up to set the price for the items they sell eg — 60%.

So, for example, if it costs $2 to make an item, you would add 60% of that cost to set the price.

60% of $2 = $1.20

$2.00 **Cost** + **$1.20** **Profit** = **$3.20** **Selling Price**

Activity 12.

Work out the selling price of the following items.

Cost	Profit	Selling Price
$16.40	45%	$ .....
$28.50	100%	$ .....
$163.00	120%	$ .....
$68.45	38%	$ .....
$3.20	22%	$ .....

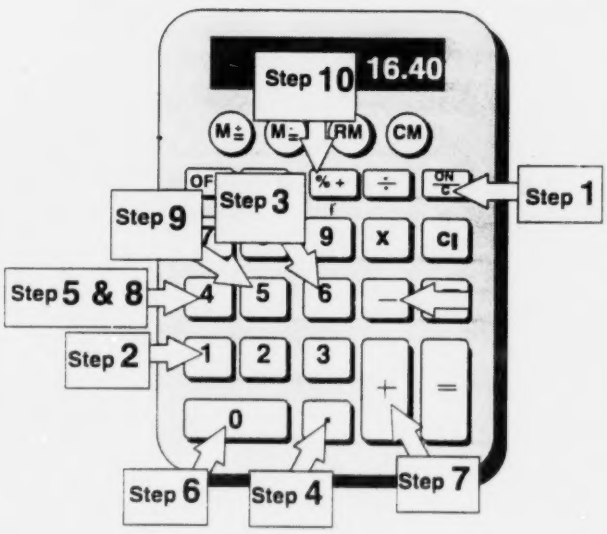
Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.
If you still get a different answer, ask your Trainer for help.

There is also a simpler way to work out % mark-ups.

Again, let's look at an example:

45% mark-up on $16.40

Step 1 — C
Step 2 — 1
Step 3 — 6
Step 4 — .
Step 5 — 4
Step 6 — 0
Step 7 — +
Step 8 — 4
Step 9 — 5
Step 10 —%



The answer is $23.78

Activity 13.

Re-calculate the % mark-ups in Activity 12 using this one-step method.

Cost	Profit (% Mark-up)	Selling Price
$16.40	45%	$ .....
$28.50	100%	$ .....
$163.00	120%	$ .....
$68.45	38%	$ .....
$3.20	22%	$ .....

Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.
If you still get a different answer, ask your Trainer for help.

7 — Writing numbers in words

As a small business owner, you will operate a cheque account. To be able to write cheques correctly, you need to know how to write numbers in words.

You can see from the above example that the cheque amount is written twice:

- once in numbers — $127.65
- once in words — One hundred and twenty seven dollars and 65¢ only.

There are three things to note here:

1. the cents don't need to be written out in full
2. the word 'only' is written at the end for security reasons (to stop people from adding to the amount!).
3. a straight line _____ is used to fill up any other space — also for security.

Activity 14.

Practise writing these numbers in words:

1. 1 .....
2. 4 .....
3. 9 .....
4. 10 .....
5. 13 .....
6. 15 .....
7. 20 .....
8. 25 .....
9. 36 .....
10. 44 .....
11. 47 .....
12. 51 .....
13. 66 .....
14. 75 .....
15. 83 .....
16. 98 .....
17. 100 .....
18. 126 .....
19. 135 .....
20. 140 .....

21 199.....

22 627 .....

23 754 .....

24 998 .....

25 1,000 .....

26 1,160 .....

27 1,247 .....

28 38, 263 .....

Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.
If you still get a different answer, ask your Trainer for help.

Activity 15.

Now, fill in the amounts that are missing in the following cheques:

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: Ripper Waves ..... OR BEARER

THE SUM OF: .....

..... $ 18.40

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: Surfing Daze ..... OR BEARER

THE SUM OF: Six hundred and forty three .....

dollars and 86¢ only ..... $ _____

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: Krafty Nuts ..... OR BEARER

THE SUM OF: .....

..... $ 275.50

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: The Tube ..... OR BEARER

THE SUM OF: One hundred and ninety four .....

dollars only ..... $ _____

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: Good Tucker Restaurant ..... OR BEARER

THE SUM OF: .....

..... $ 82.00

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: MY BUSINESS ..... OR BEARER

THE SUM OF: ONE THOUSAND AND TWENTY SIX .....

DOLLARS ONLY ——————— $ _____

_____

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: MISTY'S ..... OR BEARER

THE SUM OF: .....

..... $ 1,049.——

_____

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: BATH'S PLUMBING ..... OR BEARER

THE SUM OF: NINETY FOUR DOLLARS AND FIFTY .....

FIVE CENTS ONLY ——————— $ _____

_____

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: CREATIVE PRINTING ..... OR BEARER

THE SUM OF: .....

..... $ 10,760.——

13702-6327-0425

ABC BANK
Malop Street, GEELONG

Date: 97

PAY: SNEDDON'S ..... OR BEARER

THE SUM OF: TWO HUNDRED AND THIRTY EIGHT .....

DOLLARS ONLY ..... $ _____

13702-6327-0425

Check your answers with the ones given at the back of this book. Did you get the same answers? If not, try them again.

If you still get a different answer, ask your Trainer for help.

Summary

Congratulations! By completing all the activities in *Back to Basics — Small Business Maths,* you have gained some of the essential skills needed to manage your own business finances.

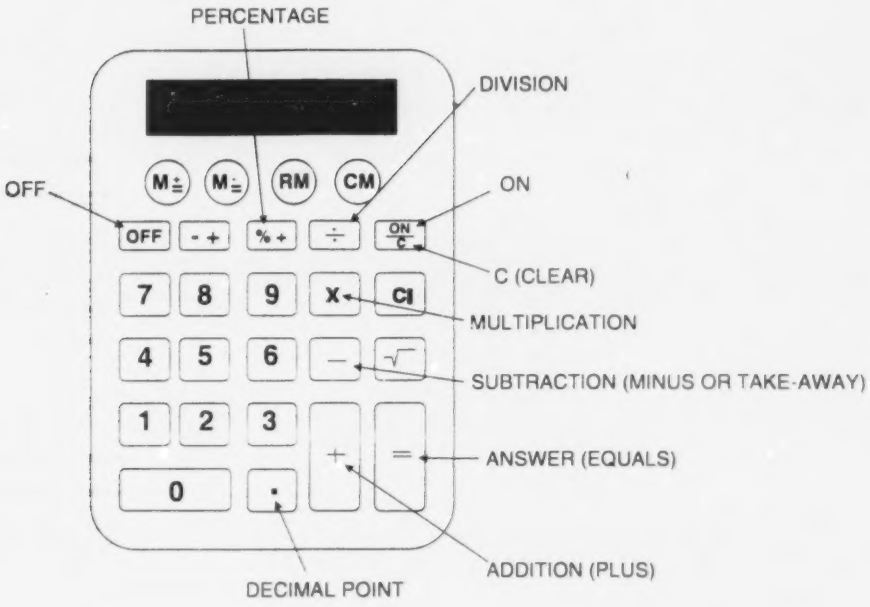
We hope the rest of the program is both interesting and useful to you.

Best wishes.

Answers to activities

Activity 1

This will depend on your own calculator but should look something like this:



Activity 2

Sum	Calculator display	Dollars and cents
a) \$2.20 + \$4.90	7.1	\$7.10
b) \$4.90 + \$9.60	14.5	\$14.50
c) \$7.45 + \$6.00	13.45	\$13.45
d) \$5.25 + \$3.00	8.25	\$8.25
e) \$6.00 + \$4.00	10.	\$10.00
f) \$7.00 + \$5.00	12.	\$12.00
g) \$5.50 + \$9.50	15	\$15.00

Activity 3

a) 14 + 27 = 41

b) 90 + 19 = 109

c) 42 + 26 = 68

d) $ 8.00 + $ 4.25 = $12.25

e) $ 10.40 + $ 19.10 = $29.50

f) $ 92.50 + $ 26.00 = $118.50

g) $ 16.00 + $ 5.20 + $ 9.45 = $30.65

h) $ 126.00 + $ 245.50 = $371.50

i) $ 45.95 + 129.50 + $ 64.10 = $239.55

Activity 4

1. subtractions:

   a) 10 - 4 = 6

   b) 24 - 9 = 15

   c) 120 - 64 = 56

2. subtractions:

   a) 8 - 4 = 4

   b) 26 - 15 = 11

   c) 55 - 24 = 31

   d) $6.45 - $3.99 = $2.46

   e) $31.50 - $ 9.50 = $22

   f) $96.40 - 20.60 = $75.80

   g) $109.00 - 10.85 - $17.50 = $80.65

   h) $426.00 - $118.00 - $84.10 = $223.90

   i) $894.65 - $87.30 - $198.00 = $609.35

Activity 5

1. multiplications:

   a) $4 \times 3 = 12$

   b) $12 \times 6 = 72$

   c) $120 \times 13 = 1560$

2. multiplications:

   a) $6 \times 4 = 24$

   b) $5 \times 8 = 40$

   c) $7 \times 3 = 21$

   d) $\$4.50 \times 3 = \$13.50$

   e) $4 \times \$\ 1.25 = \$5.00$

   f) $7 \times \$94.60 = \$662.20$

   g) $\$26.10 \times 55 = \$1,435.50$

   h) $\$34.50 \times 15 = \$517.50$

   i) $\$62.50 \times 25 = \$1,562.50$

Activity 6

Blackstump Road
GIPPSLAND

INVOICE

Invoice Date:.....

Invoice Number:.....

Billed to:

Handcrafted Traditions
16 Main Road
Dimboola

ORDER NUMBER: 1568 — TERMS STRICTLY 14 DAYS

DATE	DESCRIPTION OF GOODS	PRICE per m	NO	AMOUNT
	Redgum 6" x 2"	$8.00m	10	*$80.00*
	Ironbard 6" x 2"	$11.00m	6	*$66.00*
	Brushbox 4" x 4"	$6.50m	15	*$97.50*
	Tas. Oak 4" x 4"	$5.90m	15	*$88.50*

Activity 7

1. divisions:

   a) $4 \div 2 = 2$

   b) $12 \div 4 = 3$

   c) $120 \div 5 = 24$

2. divisions:

   a) $24 \div 4 = 6$

   b) $40 \div 8 = 5$

   c) $21 \div 7 = 3$

   d) $\$13.50 \div 3 = \$4.50$

   e) $\$ 5.00 \div 4 = \$1.25$

   f) $\$662.20 \div 7 = \$94.60$

   g) $\$1,435.50 \div 55 = \$26.10$

   h) $\$517.50 \div 15 = \$34.50$

   i) $\$1,562.50 \div 25 = \$62.50$

Activity 8

1. the cheapest supplier:

   a) leg ropes — The Tube @ $1.50 each

   b) board wax — The Tube @ 45 cents each

   c) skateboard decks — The Tube @ $38.33 each

2 & 3 How much does each supplier charge for each item, and who is the cheapest?

White paper

	Price Given	Divided by (Quantity)	Price per each item =
Your office	*$3.60*	*each*	*$3.60*
Paper 'n Things	$21.96	6	$3.66
Discount Office Supplies	$42.60	12	$3.55

Blue biros

	Price Given	Divided by (Quantity)	Price per each item =
Your Office	$2.40	3	.80
Paper 'n Things	.80	each	.80
Discount Office Supplies	*$1.40*	*2*	*.70*

Envelopes

	Price Given	Divided by (Quantity)	Price per each item =
Your office	*$1.10*	*100*	*.01*
Paper 'n Things	*$2.00*	*200*	*.01*
Discount Office Supplies	*.50*	*50*	*.01*

All three suppliers are charging the same price for envelopes.

Highlighter pens

	Price Given	Divided by (Quantity)	Price per each item =
Your Office	$2.10	each	$2.10
Paper 'n Things	$3.80	2	$1.90
Discount Office Supplies	*$4.10*	*3*	*$1.36*

Activity 9

1. percentages:
   a) 50% of $100 = $50
   b) 25% of 80 = 20
   c) 10% of $40 = $4.00
2. percentages:
   a) 40% of $400 = $160
   b) 15% of $75 = $11.25
   c) 10% of $65 = $6.50
   d) 5% of $75 = $3.75
   e) 8% $64 = $5.12
   f) 60% of $120 = $72
   g) 40% of $160 = $64
   h) 9% of $850 = $76.50
   i) 6% of $20 = $1.20

Activity 10

Billed Amount	3% Discount if payment received within 10 days	Total Amount Due (Total - Discount)
a) $64	$1.92	$62.08
b) $82.45	$2.47	$79.98
c) $193.60	$5.80	$187.80
d) $48.00	$1.44	$46.56
e) $220.00	$6.60	$213.40
f) $99.00	$2.97	$96.03

Activity 11

a) 40% of $400 = $160

b) 15% of $75 = $11.25

c) 10% of $65 = $6.50

d) 5% of $75 = $3.75

e) 8% of $64 = $5.12

f) 60% of $120 = $72

g) 40% of $160 = $64

h) 9% of $850 = $76.50

i) 6% of $20 = $1.20

Activity 12 & 13

Cost	Profit	Selling Price
$16.40	45%	$23.78
$28.50	100%	$57.00
$163.00	120%	$358.60
$68.45	38%	$94.46
$3.20	22%	$3.90

Activity 14

1. 1 — ONE
2. 4 — FOUR
3. 9 — NINE
4. 10 — TEN
5. 13 — THIRTEEN
6. 15 — FIFTEEN
7. 20 — TWENTY
8. 25 — TWENTY FIVE
9. 36 — THIRTY SIX
10. 44 — FORTY FOUR
11. 47 — FORTY SEVEN
12. 51 — FIFTY ONE
13. 66 — SIXTY SIX
14. 75 — SEVENTY FIVE
15. 83 — EIGHTY THREE
16. 98 — NINETY EIGHT
17. 100 — ONE HUNDRED
18. 126 — ONE HUNDRED AND TWENTY SIX
19. 135 — ONE HUNDRED AND THIRTY FIVE
20. 140 — ONE HUNDRED AND FORTY
21 199 — ONE HUNDRED AND NINETY NINE

22 627 — SIX HUNDRED AND TWENTY SEVEN

23 754 — SEVEN HUNDRED AND FIFTY FOUR

24 998 — NINE HUNDRED AND NINETY EIGHT

25 1,000 — ONE THOUSAND

26 1,160 — ONE THOUSAND, ONE HUNDRED AND SIXTY

27 1,247 — ONE THOUSAND, TWO HUNDRED AND FORTY SEVEN

28 38,263 — THIRTY EIGHT THOUSAND, TWO HUNDRED AND SIXTY THREE.

Activity 15

Pay Ripper Waves — Eighteen dollars and forty cents only.

Pay Surfing Daze — $643.86

Pay Krafty Nuts — Two hundred and seventy five dollars and fifty cents only.

Pay The Tube — $194.00

Pay Good Tucker Restaurant — Eighty two dollars only.

Pay My Business — $1,026.00

Pay Misty's — One thousand and forty nine dollars only.

Pay Bath's Plumbing — $94.55

Pay Creative Printers — Ten thousand, seven hundred and sixty dollars only.

Pay Sneddon's — $238.00